INDIANA

STATE LIBRARY

Digitized by the Internet Archive
in 2010 with funding from
Institute of Museum and Library Services under the provisions of the Library Services and Technology Act; Lyrasis

http://www.archive.org/details/messagespapersre65wall

GOVERNOR DAVID WALLACE

MESSAGES AND PAPERS

1837-1840

INDIANA HISTORICAL COLLECTIONS
VOLUME XLIII

INDIANA LIBRARY AND HISTORICAL BOARD

Lyman S. Ayres, *President*

Dick Heller, Jr., *Secretary*

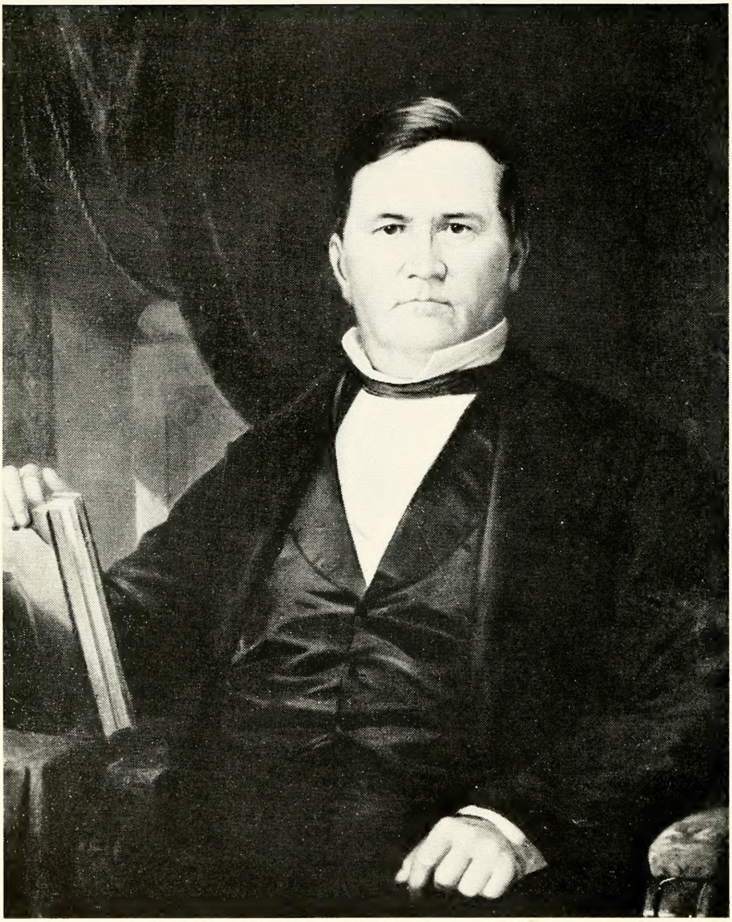
John P. Goodwin John E. Horner

Mrs. Benjamin Saks

HISTORICAL BUREAU

Hubert H. Hawkins, *Director*

Dorothy Riker, Gayle Thornbrough, *Editors*



David Wallace

MESSAGES AND PAPERS

relating to
the Administration of

DAVID WALLACE

Governor of Indiana
1837-1840

Edited by
Dorothy Riker

INDIANA HISTORICAL BUREAU
Indianapolis 1963

INDIANA
STATE
LIBRARY
INDIANAPOLIS

Copyright, 1963
by the
Indiana Historical Bureau

I
353
I385a
v.6
cop.5

INDIANA STATE LIBRARY

EDITORIAL NOTE

The present volume is a continuation of the series of Governors' Messages and Papers which have been published over a thirty-year period by the Indiana Historical Bureau and its predecessor, the Indiana Historical Commission. The first two volumes were devoted to the territorial governors, William Henry Harrison and Thomas Posey, the third to Jonathan Jennings, Ratliff Boon, and William Hendricks who served from 1816 to 1825, the fourth to James Brown Ray, 1825 to 1831, and the fifth to Noah Noble, 1831 to 1837. The term of office of the governor and lieutenant governor under the Constitution of 1816 was three years. Unlike his two predecessors, David Wallace served only one term, from December, 1837, to December, 1840.

With scarcely any manuscript material to draw on, the editor has had to rely chiefly upon printed sources in compiling the present volume. Wallace's messages to the General Assembly are reproduced from the House and Senate *Journals;* reports of other state officials, of members of administrative boards, and of legislative committees are taken from these and from the *Documentary Journals* compiled for each session of the Assembly.

There are some fragments of Wallace's official correspondence, mostly regarding appointments, in the Archives Division of the State Library. A sampling of these have been included in the present compilation. The Lew Wallace Papers in the William Henry Smith Memorial Library of the Indiana Historical Society contain two or three personal family letters of David Wallace; there are a few letters in the John Tipton Papers in the Indiana State Library, and at least one in the Samuel Judah Papers in the Lilly Library at Indiana University. Letters of inquiry to libraries and archives in adjoining states failed to bring forth any correspondence that Wallace might have had with officials or persons in those states.

The Noah Noble Papers in the State Library, which were drawn on extensively for the preceding volume of Governors'

Messages and Letters, have also been used in the present compilation. Noble stepped down from the governorship to become head of the powerful Board of Internal Improvement; his correspondence with Fund Commissioners, contractors, and other state officials throws considerable light on this important aspect of Wallace's administration.

Since very little biographical material concerning Governor Wallace is available in printed form, such information on his early life as could be found has been included in the Introduction to the Messages and Papers.

CONTENTS

Page

Introduction 1

Messages and Papers 53

Index 479

ILLUSTRATIONS

David Wallace .... *Frontispiece*

Governor's Mansion .... *facing* 18

INTRODUCTION

INTRODUCTION

David Wallace was inaugurated as Indiana's sixth governor on December 6, 1837. He served one term and was succeeded by Samuel Bigger on December 9, 1840.

Family Background

Wallace was born in Mifflin County, Pennsylvania, on April 4, 1799, the son of Andrew and Eleanor or Ellen (Jones) Wallace. The father was a native of Carlisle, Pennsylvania; the mother was a niece of John Paul Jones, naval hero of the Revolutionary War. They were married in 1798 and David was their first child.[1]

By 1807 the family (now consisting of a daughter and three sons) had moved to Miami County, Ohio, where Andrew Wallace surveyed the towns of Troy and Greenville and served four years as the county's first treasurer.[2] David attended school in Troy; one of his classmates was Sarah Hill, a little girl two years younger than himself, whom he was to meet again in Indianapolis as Mrs. Calvin Fletcher.[3] During the War of 1812, Andrew Wallace contracted to supply provisions for William Henry Harrison's army.[4]

In November, 1813, we find the father in Cincinnati, where he purchased a part interest in the *Liberty Hall* newspaper and published it with J. H. Looker from November 16, 1813, to

---

[1] Genealogy of Wallace Family; sketch of David Wallace by his son, Lew Wallace; notes on Andrew Wallace, gathered by Caroline Dunn, all in Indiana Historical Society Library.

[2] *History of Miami County, Ohio* . . . (Chicago, 1880), 281, 375; *Bulletin* of the Historical and Philosophical Society of Ohio, 7: No. 1 (January, 1949), 23-24.

[3] Calvin Fletcher Diary, July 17, 1835, in Indiana Historical Society Library.

[4] Lew Wallace, sketch of David Wallace.

December 11, 1815.[5] He had the opportunity of continuing his acquaintance with General Harrison during these years and in 1817 Harrison, then a representative in Congress, made available to Andrew's oldest son an appointment to the United States Military Academy at West Point. Young David, now eighteen, enrolled in September, 1817, and was graduated four years later with the rank of second lieutenant. He evidently made a good impression for he was invited to stay on at the school as an instructor. This he did for a year and then resigned at the end of May, 1822, and rejoined his family.[6]

About the time that David left for West Point, the Wallace family moved to Brookville, Indiana, where Andrew took over the management of one of the town's taverns.

Franklin County, of which Brookville was the county seat, was described in 1817 as one of the best counties in Indiana. "Here are some of the finest farms to be met with in the western country. . . . The soil is free from stones and easily cleared and ploughed; producing fine crops of wheat and corn." Brookville was in the midst of a building boom. In addition to some eighty residences, most of which had been built in 1816-17, the Wallace family found a grist- and two sawmills, two fulling mills, three carding machines, a printing office, silversmith, two saddlers, two cabinetmakers, one hatter, two tailors, five taverns, and seven stores. There was also a jail, market house, and a handsome brick courthouse. Many emigrants looking for a new home were attracted by the growing prosperity and importance of the town.[7] After the Indian land cession of 1818, Andrew Wallace secured employment as a surveyor of these lands.[8] When they became available for purchase, a land office was opened at Brookville.

---

[5] Charles T. Greve, *Centennial History of Cincinnati . . .* (2 vols. Chicago, 1904), 1:790; Clarence Brigham, *History and Bibliography of American Newspapers, 1690-1820* (2 vols. Worcester, Mass., 1947), 2:791.

[6] Lew Wallace, Sketch of David Wallace, and Papers of David Wallace, in Lew Wallace Papers, Indiana Historical Society Library; *List of Officers of the Army of the United States from 1779 to 1900 . . .* (New York, 1900), 653.

[7] Harlow Lindley (ed.), *Indiana As Seen by Early Travelers . . .* (Indiana Historical Commission, 1916), 149-50, 202.

[8] See letters of recommendation of Andrew Wallace and others

Lawyer and Legislator

When David rejoined his family in the summer of 1822, he was faced with the task of seeking a vocation. The leading men in the community were lawyers who seemed to have plenty of business, and David set about studying law in the office of Judge Miles C. Eggleston. The judge was a Virginian, a graduate of William and Mary College, and judge of the third judicial district. After about a year the young law student was admitted to practice.[9]

With his West Point training, Wallace was no doubt a welcome addition to the local militia company. He was elected lieutenant of the seventh regiment shortly after his arrival in Brookville, was advanced to captain in 1825, and to colonel in 1827.[10] He also found time to enjoy the social life of the community and to court Esther French Test, the daughter of John Test, a prominent lawyer who was serving in Congress. The young couple were married November 10, 1824.[11] Either before or shortly after the marriage, Wallace became a member of his father-in-law's law firm. Four sons were born to David and Esther: William in 1825; Lewis (or Lew) in 1827; John in 1829; and Edward in 1831.[12]

David apparently achieved a reputation among his fellow townsmen as a good citizen and competent lawyer; in 1828 and the two following years he was chosen to represent them in the

---

addressed to Edward Tiffin, Surveyor General, in General Land Office, Surveyor General, Letters Received, Vol. 7, in National Archives, Washington, D. C.; Andrew Wallace, Brookville, to George P. Torrence, Cincinnati, October 20, 1818, in Torrence Papers, Library of the Ohio Historical and Philosophical Society. Wallace did some surveying in the present Hamilton County. Charles N. Thompson, *Sons of the Wilderness. John and William Conner* (Indiana Historical Society *Publications,* Vol. 12, Indianapolis, 1937), 129.

[9] Franklin County Circuit Court, Order Book, 1823-25, in Courthouse, Brookville; Blanche G. Garber, "Judge Miles Carey Eggleston," in *Indiana Magazine of History,* 17 (1921): 243-56.

[10] Record of Military Commissions, November, 1822, to October, 1847, in Archives Division, Indiana State Library.

[11] Transcript of Franklin County Marriage Records, 1811-52, in Genealogy Division, Indiana State Library.

[12] Genealogy of Wallace Family, cited above.

lower house of the General Assembly. In Indianapolis he met his former neighbors, Noah Noble, receiver in the land office which had been removed from Brookville to Indianapolis, and Governor James B. Ray.

One of the measures before the General Assembly in the 1828-29 session concerned the construction of the Wabash and Erie Canal. At the previous session the state had accepted the land grant offered by the Federal government for construction of a canal connecting Lake Erie with the navigable waters of the Wabash River, with the stipulation that construction would begin within five years. The act of acceptance provided for a board of three commissioners who were to locate the route, make estimates, lay off town sites, etc.[13] It remained for future legislatures to grant them authority to proceed with construction. Although Wallace's constituents were indifferent to the construction of a canal in the northern part of the state, the youthful legislator identified himself with the friends of the measure. He was somewhat fearful that this might cost him his re-election but opposition failed to materialize. Perhaps as something of a reward, Wallace was chosen in 1829 by Indian Agent John Tipton, a zealous advocate of the canal, to represent the state in the trial of a Miami Indian accused of murder, for which he received $150 as his legal fee.[14]

Wallace continued to support measures for construction of the canal, but it was not until the 1831-32 session that an act was passed, supplemental to the 1828 act of acceptance, which put the project on its feet. A Canal Fund was created and placed in charge of three Fund Commissioners. Money was to be borrowed at an interest rate not exceeding 6 per cent, the principal and interest to be repaid in time from the money received from sale of the land granted the state and from tolls and water rights.[15]

---

[13] U. S. *Statutes at Large,* 4 (1823-1835): 236; *Laws of Indiana,* 1827-28, pp. 10-12; Logan Esarey, *A History of Indiana . . .* (2 vols. Fort Wayne, 1924), 1:404-5.

[14] *The John Tipton Papers* (*Indiana Historical Collections,* Vols. 24-26, Indianapolis, 1942), 2:232, 276-77, 300-1.

[15] *Laws of Indiana,* 1831-32, pp. 3-8; Esarey, *History of Indiana,* 405-7. The Fund Commissioners were to be appointed by the governor

During the 1830-31 session of the General Assembly, Wallace was one of five members chosen by the House to work with a like number from the Senate on a revision of the laws.[16]

Lieutenant Governor

Ray's term as governor was to expire in 1831. He had been elected in 1825 and again in 1828 as an Independent. But by 1830 party lines had been drawn to such an extent that future gubernatorial candidates found it necessary to have the backing of a political party as well as personal popularity. Noah Noble, who had been ousted from the Indianapolis Land Office by President Jackson's Spoils System, was the choice of the National Republicans or Adams-Clay men for governor. It was no doubt with his approbation, if not at his suggestion, that Wallace was chosen to run for the second place on the ticket. James G. Read, of Daviess County, and Ross Smiley, of Union County, were the candidates of the Democratic Republicans for governor and lieutenant governor, respectively. Milton Stapp and James Gregory ran as independent candidates for the two offices.

Although the state was Jacksonian on national questions, the personal popularity of Noble and Wallace was sufficient to overbalance this fact and win the election for them. The three Congressmen elected at the same time were all Jackson men. Wallace thus returned to the legislative halls in December, 1831, to begin his first term as presiding officer of the Senate. W. W. Woollen, writing in 1883, said of him: "Indiana never had a Lieutenant Governor who excelled him as a presiding officer, and but few who equaled him. His voice was good, his manner dignified, and his decisions just and impartial."[17]

By 1832 it had become apparent that Brookville was no longer the pre-eminent town that it had been. The removal of the land

---

by and with the consent of the Senate. William C. Linton, Nicholas McCarty, and Jeremiah Sullivan were the first appointees. The Fund Commissioners are not to be confused with the 3-member board of Wabash and Erie Canal Commissioners, created in 1828.

[16] *Senate Journal,* 1830-31, pp. 104-5.

[17] William Wesley Woollen, *Biographical and Historical Sketches of Early Indiana* (Indianapolis, 1883), 70.

office to Indianapolis in 1824 had marked the beginning of its decline. Benjamin F. Wallace, David's younger brother, had taken up merchandising in a new town on the Wabash River, named Covington. The law profession was not as crowded there as in Brookville, and David decided to join his brother and his family. The move was made apparently in May, 1832. It would be interesting to know how the Lieutenant Governor, his wife, and four small children traveled. It was probably by stagecoach or carriage, with their household goods following them by wagon. The journey made a lasting impression on five-year-old Lew, and he relates in his *Autobiography* that he and his younger brother John contracted scarlet fever. The latter died on May 16 in Indianapolis.[18]

The country around Covington was described as beautiful, with small prairies interspersed with wooded areas. But the town itself must have looked small and barren to the young wife and mother who was accustomed to the refinements of Brookville. The population was about two hundred. The Reverend Edmund O. Hovey organized a Presbyterian Church in the town in July, 1832, with seventeen members, whom he described "as nothing in comparison with the large and wicked population of the flourishing town." The Methodists and New Lights also had churches there. The Wallaces joined the Methodist congregation.[19]

The most important point in the village was no doubt the wharf where Wabash River boats landed weekly, and sometimes daily, when the river was navigable to that point. Until the coming of railroads and the Wabash and Erie Canal, the river was the principal means by which goods were shipped into the town and the produce of the surrounding area was shipped out.

The David Wallaces apparently boarded for a time but before long were in a home of their own. In a letter to her mother, Mrs. Wallace described their house as "not large, but very comfortable." David was busy adding porches, a smoke house, and

[18] Indianapolis *Indiana Journal,* May 19, 1832.

[19] E. O. Hovey Papers, Indiana Division, Indiana State Library; Mrs. Lew Wallace, "Ancestral Sketch," in Wallace Papers, Indiana Historical Society Library.

other conveniences. Even though she had found everyone very kind in the new location, like many another pioneer mother she was homesick for her family and former friends. It was a consolation to her though to be able to report that David was doing well in his law practice, better than could have been expected. "I am satisfied he will be much better off than we should have been if we had stayed in Brookville."[20]

David's legislative duties required him to be absent from home during the winter months. From Indianapolis he penned affectionate love letters to his wife, expressing concern for her health and his longing to be home with her.[21] And well he might be concerned, for Mrs. Wallace had contracted consumption and died on July 14, 1834 at the age of twenty-eight.[22] Four weeks later, Fanny Wallace, Benjamin's wife, died at the age of twenty-three, also leaving three small children.[23] At the time of his wife's death, David was in the midst of his second campaign for lieutenant governor. The boys were placed in the home of a Mrs. Hawkins, who had a family of girls.[24]

The Jackson forces in Indiana had continued to gain strength, and in 1832 their leader received double the vote given to Henry Clay, the Whig presidential candidate. A year later they were again in the majority, electing six out of the seven Congressmen to which the state was now entitled. In 1834, James G. Read was again the Democratic candidate for governor, with David Culley, of Dearborn County, his running mate. Noble and Wallace had been extremely popular officials and were generally regarded as candidates for re-election before their first terms had expired. Although the illness and death of his wife left Wallace with little time or heart for campaigning and speechmaking, when the votes were counted it was discovered that he had outdistanced his running mate, Noble, by some 1,200 votes.[25]

---

[20] Undated letter of Esther Test Wallace to her mother, in Wallace Papers.

[21] See, for example, letter of December 29, 1832, in Wallace Papers.

[22] Covington *Western Constellation,* July 18, 1834.

[23] *Ibid.,* August 22, 1834.

[24] Mrs. Lew Wallace, "Ancestral Sketch."

[25] *Indiana Election Returns, 1816-1851 (Indiana Historical Collections,* Vol. 40, Indianapolis, 1960), 145, 167.

Although the election for Congressmen in 1835 was marked by a decided lull in party spirit, all the Jackson men were re-elected and the one Whig was supplanted by a Jackson man. The following year the Whigs gained the ascendancy and gave their presidential candidate, William Henry Harrison, a majority over Martin Van Buren, the Democratic candidate. The election day fell upon the twenty-fifth anniversary of the Battle of Tippecanoe, in which Harrison, then governor of Indiana Territory, had led the militia of Indiana and Kentucky to victory over the Indians led by The Prophet. It was an auspicious time to repay a debt of gratitude to their former chief and the people responded with enthusiasm. Whereas the vote four years earlier was two to one in favor of Jackson, the 1836 returns were five to four in favor of Harrison. Wallace had entered into the campaign enthusiastically, happy to have an opportunity to repay his own personal debt of gratitude to his former benefactor.[26]

As noted above, Wallace had been friendly to the Wabash and Erie Canal project while he was a member of the House of Representatives. As lieutenant governor he continued to be friendly to legislation for internal improvements, including the Mammoth Bill of 1836 which provided for a network of roads, canals, and railroads, for the construction of which the Canal Fund Commissioners were authorized to borrow up to ten million dollars.[27]

---

[26] A celebration held at the Tippecanoe Battleground on November 7, 1835, marked the beginning of Harrison's campaign for the presidency. Wallace delivered an oration at that time, a part of which is quoted in Woollen, *Biographical and Historical Sketches,* 73-74.

[27] The bill provided for the construction of the following improvements: (1) the Whitewater Canal, together with a canal or railroad to connect it with the Central Canal; (2) the Central Canal, extending from some suitable point on the Wabash River, between Fort Wayne and Logansport, via Muncie and Indianapolis, to Evansville; (3) extension of the Wabash and Erie Canal from the mouth of the Tippecanoe River to Terre Haute, and a crosscut canal to link it with the Central Canal; (4) a railroad from Madison through Columbus and Indianapolis to Lafayette; (5) a macadamized turnpike from New Albany to Vincennes; (6) a railroad or macadamized road from Jeffersonville to Crawfordsville, via New Albany, Salem, Bedford, Bloomington, and Greencastle; (7) removal of obstructions in Wabash River; (8) a canal or railroad from the Wabash and Erie Canal near Fort Wayne via

Wallace participated in celebrations staged at Evansville and Rob Roy hailing passage of the bill. At the latter place he reminded his audience that from the time of his first entrance into public life, he had been an humble advocate of state improvement, even though at that time it had been hazardous to stand for it. He pictured the law of 1836 as a magic wand that would work a marvelous change over the state.

At Brookville, where he celebrated the commencement of the Whitewater Canal, Wallace prophesied that that place would regain its former prominence as one of the principal cities of the state. In tracing the history of internal improvements in the state, he remarked that, "No dreamer from the land of Utopia could have imagined in 1831-32 or foretold . . . the passage of the Mammoth Bill of 1836." "How rapid has been the march of intelligence and enterprize amongst you!" One of the members of the New York Stock Exchange was quoted as saying it would advance the state at least a half century. In Wallace's opinion, the debt of ten million incurred by the bill was not too great for the state to bear.[28]

Supervision of the construction of the projects outlined in the 1836 law was given to a Board of Internal Improvement consisting of the three Wabash and Erie Canal commissioners plus six additional members to be appointed by the governor with the consent of the Senate. Construction got under way slowly but gained momentum as the year drew to a close; all the activity created by the various projects lent an air of prosperity to the state.

Some four million dollars was contracted for this first year. In his message to the legislature in December, 1836, Governor Noble warned the lawmakers that this appearance of prosperity did not have a firm foundation inasmuch as it was based on borrowed funds. His plea that the people should begin to pay for the improvements by taxation was answered by an increase in the

---

Goshen, South Bend, La Porte, to Michigan City. *Laws of Indiana,* 1835-36 (general), pp. 6-21.

[28] The speeches are quoted in Covington *Western Constellation,* March 4, May 20, and October 14, 1836.

ad valorem tax from 5 to 15 per cent, one third of the proceeds to be applied toward payment of interest on the loan.[29]

In the meantime economic conditions throughout the country and abroad were building up to an ominous climax that was to have a disastrous effect on the internal improvement program.[30] Other states as well as Indiana were contracting enormous debts for public works; new banks were being chartered, each with extended credit; the country was importing more than it was exporting; British creditors who had purchased American bonds

---

[29] *Messages and Papers relating to the Administration of Noah Noble, Governor of Indiana, 1831-1837 (Indiana Historical Collections,* Vol. 38, Indianapolis, 1958), 476-77; *Laws of Indiana,* 1836-37 (general), p. 112.

[30] The first money borrowed by the state for internal improvements was for construction of the Wabash and Erie Canal. Between 1832 and 1839 bonds were issued and sold for this purpose amounting to $1,727,000. Principal purchasers were J. D. Beers & Company, New York; Prime, Ward & King, New York; J. J. Cohen Jr. and Bros., Baltimore; and the Morris Canal and Banking Company, New York.

Between 1834 and 1836, $1,390,000 was borrowed by the state for their portion of the capital in the State Bank. This bond issue was all taken by the Morris Canal and Banking Company.

The internal improvement bill of 1836 authorized the state to borrow up to $10,000,000 to construct a network of roads, canals, and railroads. Bonds for about $6,000,000 of this sum had been issued up to August, 1839; the Morris Canal and Banking Company was again the principal purchaser. By an agreement made with that company in June, 1838, it was to negotiate the sale of $1,000,000 of sterling bonds in London and other cities of Europe. The principal, payable in 25 years, and interest at 5 per cent, were to be payable to M. N. Rothschild & Sons in London.

The fourth and last large bond issue was in 1839 for the purpose of increasing the capital in the State Bank; $1,500,000 was authorized but only about $1,000,000 in bonds were issued, all of them going to the Morris Canal and Banking Company.

With the exception of those sold to J. D. Beers & Company in 1832, which paid 6 per cent, all the bonds carried an interest rate of 5 per cent and were redeemable anywhere from 25 to 40 years. The proceeds from the sale of the land granted by the Federal government to the state for construction of the Wabash and Erie Canal were expected to repay most of the money borrowed for that purpose; that borrowed for the state's investment in the State Bank would be repaid from the profits realized in the transactions of the bank; the internal improvement loan was to be repaid by profits realized from operation of the canals, railroads, etc., such as tolls and water rents.

For information on the financing of improvements, see the annual and special reports of the Fund Commissioners to the General Assembly were calling in their loans because of a financial crisis in that country, thus cutting off prospects for further investments by citizens of Great Britain. Then in July, 1836, to check land speculation, President Jackson issued the Specie Circular which required all payments for public lands to be made in specie. This tightening of the money market caused the New York banks to suspend specie payments on May 10, 1837; others followed suit, and when the news reached Indianapolis, the directors of the State Bank immediately ordered a suspension even though it meant a possible forfeiture of the bank charter. After a subsequent investigation of the bank by a legislative committee, the suspension was approved.

The amount spent on internal improvements in Indiana in 1837 was considerably less than the year before—being only $1,600,000, but this was sufficient to save the state from "the evils resulting from the prostration of prices and business in other portions of the country."[31] The close of Noble's administration found the credit of the state still good, but the pressure in the money market was causing apprehension as to the future. Had the state undertaken too much, was the question in the minds of many of her citizens.

Candidate for Governor

Months before the end of Governor Noble's second term as governor, it was generally conceded that Lieutenant Governor Wallace would be a candidate to succeed Noble. The formal announcement came February 1, 1837, in the Indianapolis *Indiana Journal*. The leading Democratic paper immediately accused Governor Noble of wanting to perpetuate himself and his Central Junto in power.[32] In their opinion, Col. Thomas H. Blake, of Terre Haute, was the choice of the Whig party. To emphasize their disdain for Wallace the next issue of the paper carried the

---

and the Proceedings of the Fund Commissioners covering the years 1832 through May, 1839, in the Archives Division, Indiana State Library.

[31] *Messages and Papers of Noah Noble,* 583.

[32] Indianapolis *Indiana Democrat,* February 8, 1837.

following announcement with the explanation, "as their deeds are done in darkness we have enshrouded their appointment in darkness."

Appointment by Central Junto
for Governor
The Hon. David Wallace

Wallace resigned as lieutenant governor at the close of the legislative session which ended on February 6, 1837.[33]

The principal issue in the campaign was whether or not to group the public works that were to be built under the act of 1836 into three classes, giving those in the first class priority. Wallace was opposed to classification. He felt that "the system" had been arrived at as the result of mutual compromise—that no improvements were included that were not absolutely necessary in order to insure its adoption—and that work on all of them should proceed simultaneously. In his mind there still was no danger in a large state debt, even of forty or fifty million dollars, for if that amount was borrowed, it would be so much added to the capital of the country and the people would be in a better position to repay the loan. He did not fear the debt; his only concern was where the state could borrow the money.

Wallace reasoned that if the works were classified, canals would be put in the first class, rail and other roads in second or third class. The postponement of any work would mean its end, for the friends of a favored work, on its completion, would become the enemies of all others, and would unite with the anti-improvement party in crying out against high taxes and in opposition to further progress. The internal improvement bill was bringing more people into the state and also increasing the price that farmers were receiving for their products; these two factors, he believed, would enable the people to pay more taxes.[34]

---

[33] *Senate Journal,* 1836-37, pp. 550-51. This did not mean any loss of salary, for the lieutenant governor was paid only for the time he presided over the Senate.

[34] For Wallace's position on internal improvements, see particularly

Not having a strong candidate of their own, the Democrats were accused of trying to encourage another Whig to run against Wallace, on the promise that they would give him their support. By promoting a division in the Whig ranks, it might be possible for a Democrat to enter the race at the last moment and win. Thomas H. Blake, David Hillis, and Amaziah Morgan were among the Whigs promoted by the Democrats. The first two declined positively; Morgan apparently flirted with the idea for a week or two and then declined because of ill health.[35] John Dumont, of Switzerland County, a veteran Whig legislator, entered the race in May as the leader of the classification forces.[36] About the same time, Gamaliel Taylor, a Democrat from Madiison, announced his candidacy.[37]

In a circular issued by Taylor, he said he was not opposed to internal improvements, but feared that the present system imposed a burden beyond the resources of the state to bear and would result in bankruptcy. If resources were not sufficient, sound discretion would naturally suggest the expediency of finishing first those works of the most importance and those that would provide the greatest revenue. He showed his interest in education by advocating that the income from the surplus revenue should be devoted to common schools rather than be used to pay interest on the internal improvement loan.[38] Upon learning that his views

---

the Indianapolis *Indiana Democrat,* May 17 and 31, June 7, July 12 and 19, 1837; Indianapolis *Indiana Journal,* June 3 and July 29, 1837; and Bloomington *Post,* May 19, 1837.

[35] Indianapolis *Indiana Journal,* February 18 and April 22, 1837; Indianapolis *Indiana Democrat,* February 22, April 19, 1837; Bloomington *Post,* June 16, 1837. Hillis became the Whig candidate for lieutenant governor.

[36] Richmond *Palladium,* May 13, 1837.

[37] *Ibid.,* April 29, 1837.

[38] Rising Sun *Times,* June 10, 1837; Bloomington *Post,* June 16, 1837. An act of Congress of June 23, 1836, provided for the distribution of the surplus revenue in the Federal treasury, in quarterly installments, to the several states according to their electoral vote. *Dictionary of American History,* edited by James Truslow Adams (5 vols. and index, New York, 1940), 5:143. The Indiana General Assembly, by an act of February 6, 1837, provided that one half of the amount received by Indiana should be distributed to the counties in proportion to the number of taxable polls, to be lent to residents, the interest from the loans to be used for the

were similar to those of Dumont, Taylor withdrew from the contest.[39]

Dumont spoke in Indianapolis in June on the necessity of classifying the public works. He said the Mammoth Internal Improvement Bill of 1836 was conceived in a committee room; the works were extended into a great many counties in order that a sufficient number of legislators would vote for it; a motion to print the bill was tabled; amendments offered were cut off; and the gag rule was applied to those who opposed it; also, lobbyists exercised undue influence on the legislators.[40] In another speech at Bloomington he said the system, if carried out as planned, would plunge the state into bankruptcy and ruin.[41] Dumont had been a strong advocate of education and his views on that subject were in accordance with the views of every friend of the cause.[42] Favorable reports were received from the different counties in which Dumont spoke.[43]

There was some opposition to Wallace because of his age (he was thirty-eight). However, the state was accustomed to young governors—Noble was thirty-seven when he took office; Ray only thirty. A Delphi writer did not believe he was qualified for the position. "He is a very genteel, clever little man, very graceful in his actions, and makes a very pretty speech. But these are not all the requisites of a good governor. The affairs of the state are in a very critical condition, and we need a man of experience, firmness, talents, and integrity. . . ."[44]

---

benefit of public schools. The other half was to be invested in State Bank stock. *Laws of Indiana,* 1836-37 (general), pp. 3-14.

[39] Richmond *Indiana Palladium,* July 15, 1837; Indianapolis *Indiana Democrat,* July 6, 1837.

[40] Indianapolis *Indiana Democrat,* June 28, 1837.

[41] Bloomington *Post,* July 7, 1837.

[42] Indianapolis *Indiana Democrat,* July 26, 1837, from the Jeffersonville *Courier.*

[43] Indianapolis *Indiana Democrat,* July 19, 1837, quoting the Richmond *Jeffersonian,* Jeffersonville *Courier,* Charlestown *Indianian,* Terre Haute *Western Telegraph,* Delphi *Oracle; ibid.,* July 26 and August 2, 1837.

[44] Quoted in Indianapolis *Indiana Democrat,* May 17, 1837, from the Delphi *Oracle,* a Democratic paper.

The Madison *Republican and Banner* thought he was too much of a boy. "We want a man possessed of more stability and weight of character. If ever there was a time when we required coolness, firmness, energy and talents in our Executive it is now. Our future prosperity depends greatly upon what is done in the next three years, and what is to be done depends on the governor. Mr. Wallace is not the man to guide us in these perilous times."[45] An editorial in the *Indiana Democrat,* complaining of Noble and his administration, said that Wallace was a politician of the same stamp as Noble, without half the talent.[46]

The news that some of the Whigs expected to vote for Dumont aroused the Bloomington *Post* to warn that "he [Dumont] is a wolf in sheep's clothing and is willing to destroy his party for the sake of his own aggrandizement." If elected he would owe his success to the Democrats and they, in turn, would expect favors at his hand.[47]

Shortly before the election the *Indiana Journal,* which had supported Wallace all along, came out with a final blast at classificationists, saying that those who were opposed to all improvements were called on to unite with those who deemed the system too large; by combining their forces they hoped either to prostrate the whole or to drop a portion of them.[48]

A final attempt was made to discredit Wallace by the insertion of the following notice in some of the Democratic papers: "The Whig candidate, David Wallace, offered and drunk the following toast at a champagne party at Vevay, on the 20th [July] ultimo, 'The *canaille* of Indiana.—May they be brought to pay their taxes with submission and reverence to their superiors,' " with a note that *"canaille"* meant lower class. The charge was refuted by persons who were present at the gathering.[49]

When the votes were counted, it was found that Wallace had received 46,067 and Dumont, 36,915.[50] The Democratic press attributed Dumont's defeat to the fact that he had entered the race late and was unable to visit all the counties; also, Wallace was better known than Dumont.[51] It was a hard pill for the editor of the *Indiana Democrat* to swallow; a week after the election he wrote: "Wallace is now governor and we cannot help it. We regret it very much, as Indiana deserves a much better one. He is undignified in manner and appearance, puerile in action, weak in intellect. . . . We can live under his reign for three years, and then we shall endeavor to defeat him if possible."[52]

---

[45] Quoted in *ibid.,* April 19, 1837.

[46] *Ibid.*

[47] Bloomington *Post,* June 16 and July 28, 1837.

[48] Indianapolis *Indiana Journal,* July 29, 1837.

[49] *Ibid.,* August 26, 1837.

[50] *Indiana Election Returns, 1816-1836,* 145-48n. For lieutenant gov-

First Legislative Session

Wallace took over the reins of state government on December 6, 1837. He was no longer a widower, having married Miss Zerelda Sanders, daughter of Dr. John H. Sanders, of Indianapolis, on Christmas Day of 1836.[53] Up to this time the Wallaces had continued to live in Covington, but now it became necessary to move to the capital city. The Governor's House on the Circle was still considered unfit for a residence though it was used for some of the state offices. During the first half of Wallace's term the family lived in a rented house on South Missouri Street. In March, 1839, the state purchased the residence of Mrs. Wallace's father, at the northwest corner of Market and Illinois streets, as a home for Indiana's governors.[54] The Sanders residence continued to be used as the Executive Mansion down to the time of Governor Oliver P. Morton.

Noah Noble, in his final message to the General Assembly, brought the legislators up to date on state problems; Wallace's

---

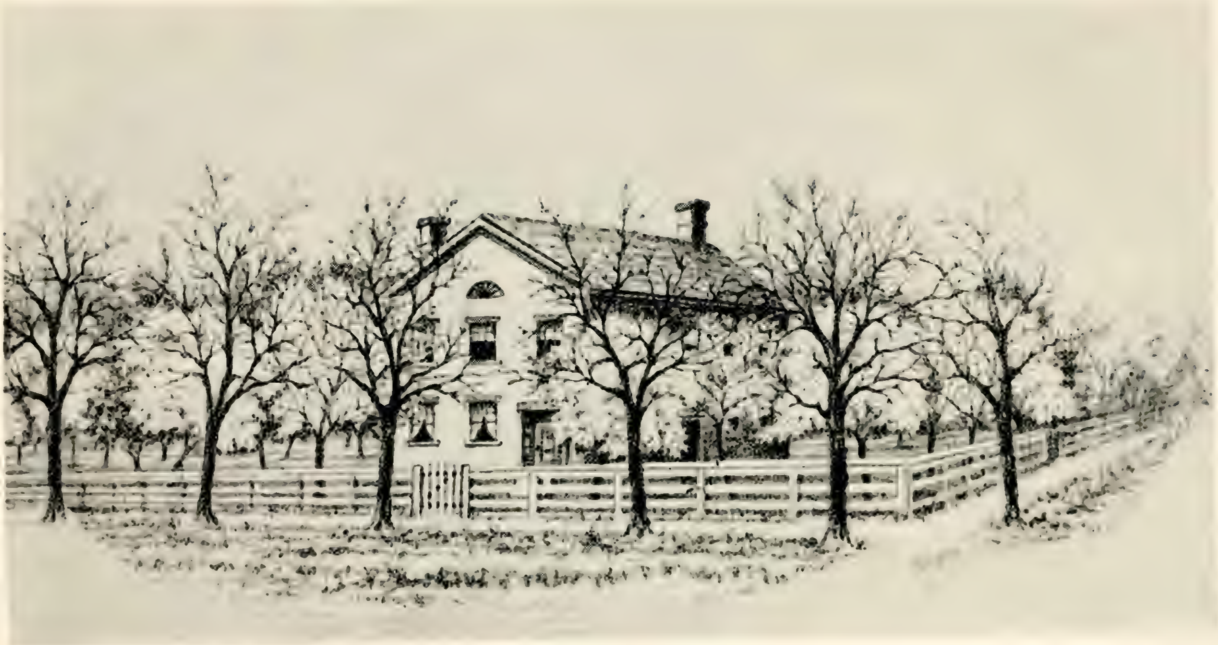
ernor, David Hillis received 49,535 votes, Alexander S. Burnett, 22,829. *Ibid.*, 168-70.

[51] Indianapolis *Indiana Democrat,* August 16, 1837.

[52] *Ibid.,* August 23, 1837.

[53] Covington *Western Constellation,* December 29, 1836.

[54] Jacob P. Dunn, *Greater Indianapolis. The History, the Industries, The Institutions, and the People of a City of Homes* (2 vols. Chicago, 1910), 1:109. The state offered to buy, for the official residence of later governors, the house Noah Noble had built at the east edge of the city, but he apparently declined to sell. See letter of state officials to Noble, March 6, 1839, in Noah Noble Papers, Indiana State Library.



Governor's Mansion

inaugural address was therefore brief and looked to the future. The new governor envisioned that it would be his duty to carry out policies and plans already formulated rather than to initiate new ones. For those who were fearful that the state had taken on too much, he painted a rosy picture of the strength and resources available both for the present and future. Also, he reiterated the argument used during the campaign against classification of the public works; namely, that it would divide the friends of the system and bring about a complete prostration. He was in favor of concentrating the means of the state on those portions of each work that could most readily be finished and put into use. "Let the people of Indiana be united, let their means and resources be applied with all their skill and energy, and, I could almost venture to predict their achieving impossibilities. But sow the seeds of discord instead . . . and the giant will instantly shrink into the dwarf, and all their efforts be attended by the mortifying concomitants of failure and disappointment."[55] Wallace promised his aid in the promotion of education and the encouragement of agriculture.

There was a small Whig majority in both branches of the General Assembly, thus promising fairly smooth sailing for the new governor. Thomas J. Evans, of Covington, was chosen speaker of the House.

One of the principal items of business before the General Assembly was the investigation of the State Bank to determine whether its charter should be revoked for having suspended specie payments. Samuel Judah, a former Jackson man but now a Whig, was chairman of the House judiciary committee which investigated the bank's action and reported favorably on permitting it to retain its charter. The Senate judiciary committee presented both a majority and minority report; the former, prepared by Democrat Andrew Kennedy, censured the bank directors, but the minority report given by Richard W. Thompson, a Whig, and favorable to the bank, was adopted.[56]

---

[55] See below, 62-64.

[56] *House Journal,* 1837-38, pp. 173-76; *Senate Journal,* 1837-38, pp. 529-49.

The danger of financial depression was minimized by Samuel Merrill, president of the State Bank, in his annual report: "There would appear to be no cause of alarm in the present state of things. Every prudent man has foreseen its [the depression's] approach, and while the future was uncertain, his fears may have predominated. But now the worst is known, and there is no cause for despair, unless rashness and folly create new and unnecessary difficulties. The progress of the State in wealth and improvement need not be long retarded. . . . No failures of consequence have occurred among the business men. The suits for debt in the courts are not more numerous than usual. Sheriff's sales seldom occur. All the produce of the country is demanded for consumption. . . . Emigration to the State is increasing. Canals and rail roads will soon be completed. Confidence will be restored, and exchanges be again at fair rates."[57]

It remained for the Fund Commissioners to present the dark side of the financial picture, and to give a warning of things to come. They reported that they had had to purchase specie at a premium of from 10 to 11 per cent to pay the July interest on the state bonds; also, that the Cohen Brothers of Baltimore, purchasers of Indiana bonds to the amount of $500,000, had suspended business while still owing the state $300,000. As security for the debt they were willing to transfer to the state some railroad stock, stock in two insurance companies, and deeds to town lots in New York City and elsewhere, some of which were mortgaged or had tax liens against them.[58] The General Assembly granted the commissioners the authority they desired to make a compromise agreement with the Cohens by accepting the above security, and also to sell the same if deemed expedient.[59] But even with this dangerous precedent before them, the legislators did not call a halt to the Fund Commissioners selling bonds on credit.

The Governor and General Assembly, as well as the members of Congress, continued to press Indiana's claim before officials in Washington for an additional land grant to extend the Wabash

[57] See below, 83-84.

[58] See below, 86-88.

[59] *Revised Laws of Indiana,* 1837, p. 356.

and Erie Canal to Terre Haute. Ten years earlier, when the question of the original grant was before Congress, Representative William Hendricks thought it might not be necessary to build the canal beyond the mouth of the Mississinewa River. Then when the surveys were made it was extended to the mouth of the Tippecanoe River in the belief that the Wabash River was navigable to that point; the land grant was made on that basis. This decision was soon considered shortsighted, inasmuch as the Wabash was only navigable to that point seven or eight months in the year. The Governor and members of Congress put forth every known argument to show that the original act left it up to Indiana to decide the point at which the canal should meet the river, and that the acceptance of the earlier grant did not preclude its extension. It was not until after Wallace left office that the additional grant was approved by Congress.[60]

On the basis of surveys made by different engineers, it was decided at this session to build macadamized roads instead of railroads between Jeffersonville and Crawfordsville and between Indianapolis and Lafayette.[61]

It was time for the appointment by the Governor (with the advice and consent of the Senate) of Supreme Court judges for a new seven-year term. The Governor's nomination of the three incumbents produced no great stir such as occurred in 1831 when Governor Ray submitted his nominations. Isaac Blackford had served since the beginning of statehood, and had demonstrated his unusual ability for the position; Charles Dewey had been serving since 1836. There was no opposition to his reappointment nor to Blackford's. The newest member of the court was Jeremiah Sullivan, who had been serving under an interim appointment since the previous March. Twenty senators voted against him, twenty-five for him, thus giving him the appointment. The vote was not on party lines so the opposition was evidently a personal one.[62] All three appointees served out their full terms and during their incumbency the court achieved a high reputation throughout the country.

---

[60] See below, 144-46, 171-77n, and *House Executive Documents,* 25 Congress, 3 session, Vol. 3, No. 32.

[61] *Revised Laws of Indiana,* 1837, p. 354.

[62] *Senate Journal,* 1837-38, pp. 106, 117.

The appointing and commissioning of county officials was mostly routine. The only controversial point to arise during Wallace's first year in office was the election of a successor to James Dill, clerk of Dearborn County, whose death had occurred August 10, 1838. His son, Alexander H. Dill, had been performing the duties of the office for his father, and the court appointed him clerk pro tem. One faction in the county wanted an election at once to choose a successor to Dill; the other wanted the son continued in office until the general election the following August. A number of letters and petitions were sent to the Governor on the subject. Wallace chose to issue a writ for a new election at once.[63]

Removal of the Indians

A major problem confronting the Governor during his first year in office was the avoidance of a clash between the Indians and whites over lands ceded by the Potawatomi to the Federal government and pre-empted by the whites. Upon being apprised of the situation by Indian Agent Abel C. Pepper, the Governor made a visit to the danger spot and conferred with the agent, with John Tipton, former agent and now United States senator, and others. The Indians had promised to move west of the Mississippi, but now that the time had arrived, they were in no hurry to leave. Tipton had been writing to various correspondents that "the Indians must go." He apparently was eager and willing to organize a military company and force the Indians to move. Therefore when the Governor and Tipton met, it only remained for them to go through a formal exchange of letters so that all would know that the Senator had the authority to act. Tipton moved swiftly to put an end to the vacillating behavior of the Indians, and within ten days some eight hundred Potawatomi were on their way west. He kept the Governor informed of the progress of the emigration party during the time he remained with it. On September 16, at Danville, Illinois, the Indians were turned over to William Polke who was in charge for the remainder of the journey. To many persons today the methods used in forcing the emigration of the Indians seem unnecessarily harsh. The danger of a clash between the Indians and white settlers was probably exaggerated. The final credit (or the discredit) for the swift removal should not be given to the Governor, but rather to the agents of the Indian Department and to Tipton. Wallace merely approved their plans.[64]

---

[63] See above, 146-47n.

Second Legislative Session

As Wallace prepared his message to the legislature at the close of his first year in office, he decided to take an optimistic view of the future even though the storm clouds of economic disaster were coming ever closer. While acknowledging that the state had its hands full, yea "full to overflowing," he maintained that if *all* the energies and resources of the state were concentrated on the task at hand, it would weather the storm. The Governor then proceeded to "prove" his premise by listing the available resources and then setting over against them the liabilities of the state.[65]

It is not always easy to follow Wallace's manipulation of figures. He attempted to show that instead of a deficit of some $47,000, the state would have had a surplus of $37,000 in 1838 if all her income had been properly invested, e.g., in bank stock at 10 per cent interest. That part of the surplus revenue which had been allocated to the counties for purposes of education should be going toward payment of interest on internal improvement loans, in his opinion. Education could wait a few years; improvements could not.[66]

---

[64] The correspondence between Governor Wallace and Tipton as well as other letters and documents regarding the emigration are printed in the *Senate Journal,* 1837-38, pp. 718 ff. They were reprinted in the *John Tipton Papers,* 3:675 ff. See also *The Trail of Death. Letters of Benjamin Marie Petit,* by Irving McKee (Indiana Historical Society *Publications,* Vol. 14, No. 1, Indianapolis, 1941).

[65] See below, 154-60.

[66] See below, 156-57n.

For the assets of the coming year, the Governor listed the surplus revenue (including the fourth installment, which was never paid); $900,000 from the sale of canal lands (90,000 acres at an estimated $10 per acre), and $1,767,744 that the state hoped to realize from the additional lands to be granted for the extension of the Wabash and Erie Canal to Terre Haute (this grant was not even made by Congress until 1841), plus other items, making a grand total of $4,383,623. Did this look like bankruptcy, he asked the legislators? If this sum were properly invested, either in bank stock or in loans upon mortgages (at 8 per cent interest), it would yield a revenue of $320,000. By 1842 he estimated that the value of the taxable property in the state would reach 170 million dollars; this plus 100,000 polls, at the current rate of taxation, would produce around $300,000. Whether or not the above revenue could be realized would depend upon the action of the legislature.[67]

The Governor was optimistic that the state would soon be receiving some revenue from tolls and water rents on the public works. By the spring of 1839 he estimated that 90 miles of the Wabash and Erie Canal would be ready for boats, with another 55 miles under contract; on the Whitewater Canal, 31 miles would be completed with 24 under contract; on the Central Canal, 43 miles would be completed and the same amount under contract; on the Madison and Indianapolis Railroad 22 miles would be completed, four under contract; on the New Albany and Vincennes Road, 41 miles would be completed, 26 under contract. No work had yet been completed on the Cross Cut and Erie and Michigan canals, nor on the Indianapolis to Lafayette and Jeffersonville to Crawfordsville roads, but a portion of each was under contract.[68]

Wallace still opposed classification of the public works. However, he acknowledged that his plan of concentrating on those portions of each work that were likely to be the most profitable had not been carried out; instead, contracts were still being let on portions remote from each other. To further his plan, he proposed reducing the number of members of the Board of Internal Improvement from nine to three, and reducing the corps of engineers to one for each work. The reduction in the number of board members would effect a saving in salaries, and by doing away with the representative principle (i.e., each commissioner looking after the interests of his own particular section of the state), it was hoped the members would act for the good of the entire state.[69]

---

[67] See below, 159-60.

[68] See below, 161-62.

This recommendation was embodied in a general measure calling for modification of the internal improvement system. There was considerable debate on whether the number of board members should be three or five, but the smaller number was accepted in the end. The act also provided that the board could not expend more than $1,500,000 in 1839, and not more than $1,000,000 in subsequent years. Construction was to be concentrated on those works and parts of works likely to be most advantageous, but none of the works provided for in the original bill were to be dropped.[70]

Regarding the Michigan Road, which was not a part of the internal improvement system, the Governor advocated making it a macadamized road, or if that could not be done, the legislature should appropriate money to repair it.[71] As in the previous session, the friends of the road made a valiant effort to obtain an appropriation for its upkeep but "the system" took precedence and their efforts failed.

Another important measure that was to come before the legislature concerned an increase in the capital invested in the State Bank. The Governor favored a gradual increase and warned against the danger of the state being flooded with depreciated paper currency if there was too rapid an expansion. The members were practically all in favor of an increase in state bank capital; only the amount was debatable.[72] The measure which passed called for an increase of $1,500,000 in state stock in 1839, and $700,000 a year for the next five years, or a total of $5,000,000. It was believed the money could be borrowed outside the state at an interest rate of 5 or 6 per cent, and then lent through the bank to individuals or firms at a rate of 8 or even 10 per cent. Thus the revenue from the state's investment in bank capital was expected to reach about $50,000 in 1840, and would increase gradually thereafter. The whole of this income was pledged to the payment of interest on the bank and internal improvement loans.[73]

---

[69] See the letter of Jesse L. Williams to James B. Johnson, one of the Canal Commissioners, July 5, 1838, printed below. Williams made this same suggestion in his letter.

[70] *Laws of Indiana,* 1838-39 (general), pp. 3-8.

[71] See below, 165.

[72] See below, 166-68n.

In one other recommendation regarding the State Bank, the Governor showed himself in favor of reducing the power of the executive branch of the government. Whereas the act creating the bank provided that if the governor had reason to believe the bank had violated its charter, he could order a *scire facias* calling on the corporation to show cause why its charter should not be revoked, Wallace believed this power should belong to the General Assembly. "The Bank, I hold, belongs to the people; was expressly created for their convenience and benefit; and should on that account be so conducted as to attain these ends. It ought therefore to be held responsible to them. . . ."[74] He no doubt was looking ahead to the time when a governor might be elected who would be unfriendly to the bank and could make trouble for it.

Wallace gave considerable space in his message to a reiteration of Indiana's claim to an additional land grant to aid in extending the Wabash and Erie Canal to Terre Haute.[75] This was to be a recurring theme until a favorable decision was given in 1841.

Another very important matter before the General Assembly was the revision of the tax law. The Governor, along with other state officials, was disappointed in the amount of state revenue that was coming in from taxation. Since the amount of land subject to taxation was increasing each year, and since the population, number of town lots, and corporation stock was also increasing, it was natural to expect that the amount of revenue would show an appreciable increase. Instead, the 1838 revenue from some sources was less than that of the year before. To the Governor this proved that the mode of collecting and assessing the taxes was "wretchedly defective." The General Assembly passed an act aimed at correcting these defects,[76] and offered remedies to increase the revenue such as raising the levy on taxable property, increasing the poll tax, repealing the provisions for using the money from the sale of forfeited lands for school purposes and for exempting Indian reserves, canal and school lands from taxation, repealing the provision giving the proceeds of the first and second installments of the surplus revenue to schools, and levying a tax on professional persons. Senator Robert Dale Owen proposed that the levy on taxable property should vary from 20 to 50 cents on each $100 valuation according to how close the land was located to one of the lines of public works, and that lots in towns located at the termination of any public work should be taxed at $1.00. As finally passed the revenue bill doubled the levy on taxable property from 15 to 30 cents on each $100 valuation. The poll tax remained at 50 cents, but all exemptions were wiped out. Canal and school lands and Indian reserves were to be taxed the same as other lands. The taxing of canal lands on which payments were still being made aroused the ire of some of the legislators from the northern part of the state, and their protest was made a matter of record.[77]

---

[73] *Laws of Indiana,* 1838-39 (general), pp. 15-17.

[74] See below, 169-71. There was no legislation on the subject.

[75] See below, 171-77.

On the subject of education, Governor Wallace commended the Wayne County teachers for joining together to promote their profession. A communication that he had received concerning making provision for the education of the deaf and dumb was referred to the legislature with the recommendation that "a nobler, a purer, a brighter act of genuine benevolence" could not be enacted.[78] Before making any such provision, the legislature decided to find out how many deaf and dumb children there were in the state.[79]

---

[76] See below, 177-79n.

[77] See the reports of a select committee of the House and of the ways and means committee, January 14 and 24, 1839, printed below; Indianapolis *Indiana Journal,* February 15, 1839; *Laws of Indiana,* 1838-39 (general), pp. 19-28.

[78] See below, 183-84.

At the annual state education convention which met the first of January, 1839, Governor Wallace was chosen to preside. One of the recommendations that came out of the convention was for the appointment of a state superintendent of common schools. The bill that was introduced, reorganizing the common school system, provided for such an appointment; it passed the House on the next to the last day of the session, leaving no time for Senate action.[80]

As might be expected of a graduate of West Point, the Governor made a strong recommendation that the legislature do something to improve the state's militia system.[81] He also reminded the legislators of the provision in the Constitution that made it their duty to encourage intellectual, scientific, and agricultural improvements. It was not enough, he said, for the state to build railroads, roads, and canals to provide a market for the state's products; it should go further and encourage the cultivation of new products such as sugar beets, the introduction of improved breeds of hogs and cattle, and the production of salt and iron ore.[82] Several bills were introduced that embodied these recommendations, but none became law.

The General Assembly adjourned on February 16. Senator John Vawter, in commenting on the session, said the "modifying" group (those in favor of modifying the internal improvement program) had been in the ascendancy, but divided like "system" men on the details of any bill. "At last both parties were forced to compromise many of their favorite notions." It was hoped that the new Internal Improvement Board would be satisfactory to both groups.[83]

---

[79] *Laws of Indiana,* 1838-39 (general), pp. 58-59.

[80] *House Journal,* 1838-39, pp. 621-22.

[81] See below, 185-86.

[82] See below, 190-92.

[83] Indianapolis *Indiana Journal,* February 15, 1839.

Internal Improvement Program Slowed

When the new board held its first meeting the last of March, the Indianapolis *Indiana Journal* reported that the members felt somewhat embarrassed by the conflicting requirements laid down in the law. For example, the total expenditures for the year were limited to $1,500,000, to be concentrated on works that could be completed sufficiently to yield an income, yet there were contracts already outstanding that would amount to $3,414,000. The board was given the power to transfer contracts from one public work to another only if the contractor acquiesced. At the next meeting, in June, the board reported that they had been able to transfer contracts on the southern division of the Central Canal to the northern division and from the Cross-Cut Canal to the Wabash and Erie.[84]

The Board of Fund Commissioners, charged with obtaining funds for the public works, had likewise been reduced in number by the legislature from three to two members. The Governor apparently wished to retain one member of the old board and renominated James Farrington, but he declined to serve.[85] Thus two new Fund Commissioners, Milton Stapp and Lucius H. Scott, took over the job of trying to borrow money in a market that was getting tighter and tighter.

The task of borrowing a million and a half dollars for additional capital in the State Bank was given to Samuel Merrill, president of the bank, instead of to the Fund Commissioners. He was inexperienced in such negotiations and was forced to rely on the advice of former and present Fund Commissioners. By placing the greater part of the loan with the Morris Canal and Banking Company, the same banking company that held most of the state's internal improvement loans, the state was in double jeopardy when that firm suspended operations in August.[86]

---

[84] Indianapolis *Indiana Journal,* March 23 and June 22, 1839; report of Board of Internal Improvement, December, 1839, below, 355-75.

[85] Indianapolis *Indiana Journal,* February 15, March 23, and April 20, 1839. The two members of the old board whose services were terminated were Caleb B. Smith and Isaac Coe.

[86] See Merrill's report on his mission, January 8, 1840, printed below.

The election for representatives in Congress and members of the General Assembly was held on August 5, 1839, and resulted in an upset for the Whigs. Five out of seven of the newly elected Congressmen were Democrats, whereas there had been six Whigs and one Democrat from Indiana in the previous Congress.[87] In the General Assembly, the Democrats would be in the majority in the House, while the Whigs retained a small lead in the Senate. The Indianapolis *Indiana Journal* blamed the Whig defeat on a lack of unity and a lack of work, but prophesied that it would have a good effect on the party. One thing that kept them divided, according to the *Journal,* was the fear of who would be the party nominee for President in 1840.[88]

Word was received on August 10 that the Morris Canal and Banking Company, holders of over $2,000,000 of the internal improvement bonds as well as $1,000,000 in bank bonds, had failed. A week later, Noah Noble, president of the Internal Improvement Board, informed the contractors on the public works that it was likely that no funds would be available to pay them.[89] The news brought widespread dismay; some refused to believe it, other looked around for some way out of the dilemma. On some of the works only a little remained to be done before they could be placed in use. To abandon them would mean a deterioration and probable loss of all that had been accomplished. In some cases contractors attempted to go ahead with local funds.

---

[87] *Indiana Election Returns, 1816-1851,* 97-100.

[88] Indianapolis *Indiana Journal,* August 17, 1839. Henry Clay, on learning of the Whig defeat in Indiana, wrote from his home in Kentucky, "Was the result of your late elections owing to the use of my name in connexion with the Presidential office?" Senator O. H. Smith, the recipient of the letter, was frank in his reply: "The late elections in this State are little understood abroad, they did not turn mainly upon general politics. Our system of internal improvements, and the consequent high taxes, with which the Whig cause is unfortunately identified to a great extent, although both parties have been instrumental in bringing the system upon us, has had a controlling influence and it may continue for years." He then went on to say that in a contest between Clay and Van Buren in Indiana, "it will require desperate exertions to insure our success." In reply to Clay's question whether there was someone else that could do better, Smith answered, "I have no doubt but that General Harrison could get a majority of this State against Mr. Van Buren." O. H. Smith, *Early Indiana Trials and Sketches* (Cincinnati, 1858), 251-53.

[89] See Milton Stapp to Noble, August 6, 1839, below; Calvin Fletcher Diary, August 10, 1839, in Indiana Historical Society Library; Noble's Circular, August 18, 1839, below.

September and October brought little improvement in the financial picture. The Fund Commissioners were able to collect a small amount of money now and then which they hastily sent on to Indiana, with the hope that it would be sufficient to place the works in such condition that they could be protected from injury until construction could be resumed. Businessmen in various communities considered the possibility of carrying on the improvements by private enterprise, but where could they borrow the money? State bonds were sold to a group in Madison for the purpose of raising money to go ahead with the Madison and Indianapolis Railroad.[90] In October a letter was received from the Rothschilds in London in which they threatened to sell Indiana bonds at public auction for whatever they would bring if the state did not meet the interest payments on Indiana bonds held by English investors.[91]

---

[90] See below, 274-75n.

[91] See below, 271-73. A correspondent of the Lafayette *Eagle* gave the following explanation of the Rothschild letter: "It seems that the Commissioners of Indiana, who managed her finances under the title of Fund Commissioners, sold to the Morris Canal Bank certain sterling bonds, with the interest payable in London; that a part of these bonds were in the hands of the Rothschilds, and had been sold to them by the Morris Canal Bank. In July last, the interest on the bonds in the hands of Rothschilds, amounting to near $47,000, became due and payable in London, and that the Morris Canal Bank, instead of sending the cash to London to pay said quarterly instalment of interest, sent a further amount of Indiana bonds, say $60,000, to be sold to pay the interest aforesaid. The Rothschilds complain of this kind of payment, and say that for the credit of the State, they paid the cash on the interest before mentioned, and objected to the course pursued by the bank in offering such payment in bonds.

"The Rothschilds further inform the Treasurer . . . that they hold $75,000 in bonds of the State of Indiana, upon which the Morris Canal Bank has hypothecated and received $500,000, and that said bank has failed to redeem, and that unless the Morris Canal Bank does honorably discharge her interest in London, as it may accrue, and comply with her contracts there, they, the Rothschilds, will be compelled to sell the said $75,000 of bonds and apply the proceeds thereof at what they may be sold, to the liquidation of said liabilities, however ruinous it may be

In the midst of the worry over financial matters, Governor Wallace issued a Thanksgiving Day Proclamation in which he reminded the people that in the midst of their troubles they still had much for which to be thankful: peace, civil and religious liberty, health, a good harvest, improvement of education, etc.[92]

The Rothschild letter was a warning that something must be done toward payment of the interest ($210,000) on the internal improvement and Wabash and Erie Canal bonds that would be due January 1, 1840. The revenue from taxes would not be available in time to make the payment. Heretofore the interest payments had been made out of the borrowed capital, but now that resource was closed. Revenue from the new tax law passed at the previous session of the legislature would not be available until April. The only source of relief seemed to be the State Bank. The Fund Commissioners addressed a letter to the directors on November 12 asking to borrow the interest money in specie, promising to repay it from the tax money as soon as that became available. The Governor, Treasurer of State, and Auditor recommended that the request be granted in order that the credit of the state might be maintained. The directors agreed and the word went out to all of the branches to gather up their available specie and forward it to Indianapolis. By early December all was ready; the money was loaded into wagons and sent overland to New York, the winter being too far advanced to permit use of the Ohio River to Pittsburgh.[93] The state and local bank officials no doubt tried to keep the transaction quiet but how successful they were is not known. Certainly the legislators would have to be told when they gathered in December for their annual session.

Last Year in Office

It will be recalled that the Governor for the first time was faced with a divided legislature, the House having a Democratic majority, the Senate a slight Whig majority. On joint ballot

---

to the credit of the state and injurious to her interests." Quoted in Terre Haute *Wabash Enquirer,* November 15, 1839.

[92] See below, 303-5.

[93] See below, 306-8n.

the Democrats were ahead. James G. Read, Democrat, was chosen as Speaker of the House. With a legislative body so constituted there was bound to be criticism and investigation of the conduct of Whig officials who had so handled affairs in the thirties as to bring the state to the brink of financial disaster. During the course of the session, the House called for no less than seventeen formal reports by the internal improvement officials alone, while the Senate called for eighteen. Bewildering as they are to the reader today, they were probably as much so to the majority of the legislators. Through a long session of eighty-five days the members of the two parties wrangled while their constituents waited patiently for the relief that was so much needed.

State officials sought to give as favorable a picture as possible of the financial condition of the state, but did not succeed very well. The Treasurer was able to report that the revenue from taxes was coming in satisfactorily, thus easing the apprehension that had been expressed on that account. He expected the state would be able to meet the current expenses of government in 1840 with the revenue from the poll tax plus the balance in the treasury and amount out on loan, but warned that additional funds beyond the poll tax would be needed the following year. The thirty-cent tax levied on each $100 of taxable property, most of which was to be used in payment of interest on the state bonds, would have to be continued or revised by the present General Assembly as the levy had been made for only the one year.[94]

The Fund Commissioners, in laying before the Assembly a report of the bonds sold, regretted that they could not present a very cheery prospect. "The large amount of state stocks thrown suddenly into market for internal improvement and banking purposes, connected with the embarrassed condition of the commercial affairs of the country, and the contraction of moneyed facilities usually afforded by the Bank of England, all conduce to the depression of the prices usually obtained for state securities." Although the integrity of the institutions indebted to the state was considered unimpeachable, yet if the means they possessed should be exhausted in trying to maintain their credit in the present commercial embarrassment, it might be a long time before the state could collect the amount due them, and it might not be possible to collect at all.[95]

---

[94] See the report of the Treasurer of State, November 1, 1839, below.

The report of Mr. Merrill, president of the State Bank, was equally depressing. It had not been possible to increase either the stock in the bank or open the three new branches authorized by the last General Assembly. Some of the branches which had lent heavily to the state would have to limit their operations and they might possibly be forced to suspend specie payments. Many banks in the East and some in the West had suspended specie payments during the fall months. The board of directors of the Indiana State Bank, at their meeting in November, had left it up to the officers of each branch to determine whether or not to suspend. In some cases, the banks refused to lend to outsiders but agreed to accommodate their own neighbors if the money was to be used for a legitimate purpose.

In Merrill's opinion, the bank was responsible only in a minor way for the existing financial embarrassment. That institution had always favored the raising and exportation of produce, and he felt that if the labor of the country had been directed more to those objects and less to the development of towns and construction of public works, the present difficulties would have been measurably avoided. Rather than drop the improvements that had been started, and thus lose the money invested in them, he thought they should be completed by those individuals most likely to profit from them. "The state is interested in increasing its wealth, and the individuals who should be called upon have a double interest, *one* the increased value of their property and the other to prevent its depreciation and the loss of debts, which must be inevitable if opportunities for employment be not provided, and general discouragement and stagnation prevail. Let citizens show the right spirit, let the state be faithful to itself, and its bank capital may be enlarged, its business prospered, its revenues aided, its wealth and respectability vastly increased, wide spread ruin may be avoided and we again become a united, energetic, and prosperous people."[96]

---

[95] The report of the Fund Commissioners is printed below, 288-301.

The above reports were apparently in the hands of the legislators before the Governor delivered his message on December 3. Wallace could now look back upon two years of his administration with only one more year of his term to serve. Looking ahead to the nomination and election of a governor in 1840, he apparently decided to take a more pronounced political stand than he had heretofore done in his messages. Before he had gotten beyond the first paragraph he had aroused the ire of the Democratic members by placing the principal blame for the financial straits in which the country found itself upon the Democratic administration in Washington.[97] The passage of the gold bill had occasioned an unnatural importation of specie, not in the usual way of trade, and the decrease in tariff rates had led to an increase in imports and a consequent injury of home manufacturers. As a third contributing cause he admitted that there should have been more industry and economy on the part of Indiana residents and less speculation in lands and town lots. There was no admission that the internal improvement program had been too large or that there had been any mismanagement on the part of state officials.

After having placed the blame for the depression where he thought it belonged, the Governor immediately turned his attention to state finances. Early tax returns showed that in spite of the new revenue law some of the property owners were still evading the payment of any taxes, and judging from the votes cast in the last election some of the men were not paying the poll tax.[98] After his review of the state debt and the means to meet it, the legislators should have been convinced that the state needed to collect every bit of revenue that it could.

As everyone well knew, the failure to procure funds from the sale of bonds effected early in the year had not only deprived the state of money to meet the January interest payment on its bonds but had also left the state in debt to contractors and laborers for work performed on the public works. One of the most important, if not *the* most important, question before the legislature was how to meet this debt. The Governor was confident that sufficient funds could be collected on the bonds sold in New York if the contractors could wait a reasonable length of time. But realizing that was too much to expect, he thought it would probably be necessary to issue state scrip which could later be redeemed by the Fund Commissioners as soon as sufficient funds were available. Greatly as he was opposed to such a measure, it was better to do that than to see the character of the state jeopardized and a respectable and deserving portion of her citizens ruined. "But let it be a last resort—when every other rational expedient has failed."[99]

---

[96] Merrill's report is printed below, 310-20.

[97] See below, 323, 376-81, 393-99.

[98] See below, 323-28.

Though work on the various lines of improvement had been suspended for the most part, the Governor was not willing to abandon completely the internal improvement program. In his opinion the state should first provide against the dilapidation of the works left in an unfinished state, and then, as means could be procured, finish some completely and others to points where they would be useful.[1]

Concerning Indiana's claim to an additional land grant to aid in extending the Wabash and Erie Canal to Terre Haute, the Governor was forced to report that little progress had been made. A joint resolution asked Indiana's senators and Congressmen to continue their efforts to effect a favorable decision.[2]

The increase in the state's population was bringing with it an increased need for a system of common schools. The Governor

[99] See below, 330-31.

---

[1] The Democrats in the House introduced a bill to modify the internal improvement system, but it was voted down in the Senate. *House Journal*, 1839-40, pp. 413, 700; *Senate Journal*, 1839-40, p. 331. The provisions of the bill are not known. An attempt on the part of the Democrats to add an amendment to the bill for the relief of contractors providing for the suspension of all contracts and further loans for internal improvements, except those on the Wabash and Erie Canal, likewise failed. Indianapolis *Indiana Democrat*, January 24, 1840.

[2] *Laws of Indiana*, 1839-40 (local), p. 244.

recommended creation of a board of public instruction, whose duty it would be to superintend the establishment of schools in every county, to see that funds were carefully husbanded and equitably distributed, to provide for competent teachers, and to awaken the people to the need for schools. To remedy the scarcity of competent teachers, the Governor proposed that a separate department be created at Indiana University for the training of teachers.[3] The Governor's recommendations went unheeded and no general legislation was enacted regarding schools. The census returns for 1840 showed that Indiana ranked sixteenth among the twenty-six states in its proportion of literate adults.

Regarding the state prison, the Governor felt that legislation was needed to make it what it ought to be, "a place both of punishment and reformation." Inasmuch as no religious instruction was being given to convicts, the Governor recommended appointment of a chaplain. The House committee on affairs of the prison reported it was badly managed. They apparently felt that the method of leasing out the prison to the highest bidder was the root of the trouble and recommended that this be discontinued.[4] The legislature failed to make any change in the administration of the prison at this session.

Petitions and memorials regarding construction and upkeep of the Cumberland Road, the harbor at Michigan City, and removal of the obstructions in the Wabash River were passed on to the legislature with little comment from the Governor other than that the improvements were needed.

In addition to the recommendations of the Governor, the legislature had those of the Internal Improvement Board. Noah Noble, president, and the other members of the board acknowledged that the state had divided her resources and energies among too great a number of improvements, and that it would have been better to have completed some before proceeding with others. This was a tacit acknowledgment that those who had favored classification of the public works had been right after all. The board was hopeful that the European market would soon take an upward turn so that surplus capital would again be available for the purchase of American bonds; also, that at least one of the public works could be taken up in the spring and brought to completion. To obtain money for the payment of interest on the Wabash and Erie Canal bonds, the board advocated selling the remainder of the canal lands which had come into their possession through a treaty with the Indians, and also to allocate the payments being received on canal lands for the same purpose.

---

[3] See below, 345-46.

[4] See below, 346-47n, and *House Journal,* 1839-40, pp. 833-34.

Also, the board thought that citizens should be encouraged to form private associations to carry on the improvements, financed by the sale of state bonds rather than stock of their own.[5] It was not until two years later that legislation was enacted to permit the transfer of the public works to private companies.

Amos Lane, a long-time foe of Noah Noble, had been elected as one of Dearborn County's representatives. He had hoped to be elected speaker of the House, but failing to secure that post, he was made chairman of the important committee on canals and internal improvements. In a lengthy report he blamed former Governor Noble for passage of the internal improvement bill of 1836 from which all the state's difficulties stemmed.

Recommendations accompanying the report called for (1) the prosecution of two works in addition to the Wabash and Erie Canal, provided the next General Assembly should deem it expedient and the necessary funds could be obtained, preference to be given to those works that would provide the most revenue; (2) the reductions of the boards of Internal Improvement and Fund Commissioners to one member each to be elected by joint ballot of the two houses of the Assembly.[6]

Attempts to remove Noble from the Internal Improvement Board failed. Likewise, attempts to remove Samuel Merrill from the presidency of the State Bank and Calvin Fletcher and Robert Morrison from the board of directors of the bank were thwarted.[7]

---

[5] The report of the board is printed below, 355-75.

[6] *House Journal,* 1839-40, pp. 721-38; Indianapolis *Indiana Democrat,* February 18, 1840.

[7] *House Journal,* 1839-40, pp. 804-7; Terre Haute *Wabash Enquirer,* February 19, 1840.

Passage of a revenue bill and one for the relief of contractors were the most important measures to be considered by the General Assembly. The Democrats were well organized, working through secret caucuses to prepare their legislation and plan their course of action. The Whigs were suspicious of what they might try to do and therefore scrutinized every bill carefully to be certain it did not contain some unexpected clause placed there for political capital.[8]

The revenue bill (providing for a 40-cent levy on property and $1.00 on polls) was not reported to the House from the ways and means committee until February 11; then its consideration was postponed still another week by the Democrats. The Whigs in the Senate had been pushing for an early adjournment, but had to keep extending the time. February 24 was finally agreed upon. When the revenue bill came up for discussion on the floor of the House, the property levy was reduced to 30 cents and the poll tax set at 50 cents. A minor change was made in the bill by the Senate; while the House was considering this Senate amendment one of the Democratic members moved to amend the bill further by adding to it the provisions of another bill that had already been tabled, calling for the reorganization of the boards of Internal Improvement, engineers, and Fund Commissioners. The revenue bill passed the House in this form but the Whigs in the Senate refused to accept the amendment (because it called for the appointment of Nathaniel West as Fund Commissioner) and the bill was lost. At the last moment, when it became apparent that the Assembly would adjourn without making any provision for future taxes, Amos Lane introduced a joint resolution reviving the revenue law of 1836-37; this passed both houses under suspension of the rules. It provided for a poll tax of 50 cents, but the property tax was only 15 cents on each $100 of taxable property, one half the levy of 1839.[9]

---

[8] For example, one representative wrote that a bill for the relief of contractors was in fact a bill to send Nathaniel West to New York as a political missionary, for the purpose of increasing the political stock of the party in Indiana. L. G. Thompson to Allen Hamilton, December 15, 1839, in Allen Hamilton Papers, Indiana State Library.

The fate of the bill for the reorganization of the boards of Internal Improvement and Fund Commissioners seems still more strange. On Monday, the last day of the session, the bill was taken up by the Democrats in the House, a Senate amendment was accepted without being read, the bill was passed, and sent to the Governor for his approval. Efforts to find the bill on the previous Saturday had proved unavailing, so now when it was suddenly taken up and passed by a yea and nay vote, the Whigs of the House were suspicious that the Senate amendment had been altered in some way. But this time they were wrong; Noble was retained as the sole member of the Board of Internal Improvement with Jesse L. Williams, engineer, serving as ex officio member. Milton Stapp was to continue as Fund Commissioner with the Treasurer of State serving as ex officio member.[10] The Democrats bragged that they had saved the state thousands of dollars by cutting off a bevy of engineers and reducing expenses from $61,600 to $2,300, but Jesse L. Williams denied this, saying the engineers had been dismissed as of the completion of the duties required of them in estimating damages sustained by the contractors by reason of the suspension.[11]

Bills for the relief of contractors were introduced in both houses by members of both parties. Their provisions are not known but in general the Whigs wanted the banks to issue the scrip instead of the treasurer of state. No one was anxious for the state to issue paper money or scrip, but it seemed to be the only alternative. Representative Lewis G. Thompson wrote home that "the only plausible means of relief will be in scrip—or the issue of 1,000,000$ in one two & three dollar notes—our Banks could no doubt sustain a much larger circulation in small notes than they can in large ones. This would be with me like taking medicine—and would be a desperate remedy in a desperate disease."[12]

---

[9] See below, 328n-29n.

[10] See note, 329n.

[11] Indianapolis *Indiana Democrat,* February 25, 1840; Indianapolis *Indiana Journal,* April 23, 1840.

The bill that passed provided for issuance of treasury notes in denominations of $5.00 and $50 by the treasurer of state to pay the contractors for work performed and for damages suffered in the suspension of work. The Governor did not sign it, but allowed it to become law without his signature. One of the arguments presented against the bill was that it would be a violation of the Federal constitution which prohibited states issuing bills of credit. Another argument was that by accepting the treasury notes for taxes the state would be deprived of revenue with which to pay the interest on the public debt, and if this was not paid, the credit of the state would be ruined, and in the end all would suffer.[13]

Execution of the law presented many problems to the Internal Improvement Board which was given the task of paying damages suffered by contractors. Noble referred to it as the "law of abominations." Judah called it "a mass of Loco foco stupidity."[14]

After a lengthy session of eighty-five days the legislature adjourned. It was no doubt a relief to both the legislators and the people. The comment of the *Indiana Journal* was: "May Heaven, through all time to come, deliver the state from such another [session]."[15]

---

[12] Thompson to Allen Hamilton, December 15, 1839, in Allen Hamilton Papers, Indiana State Library. Jesse L. Williams, engineer for the public works, expressed himself in similar fashion: "I feel very much for the embarrassment of the contractors. How they are to be paid very soon unless they can take state bonds, I cannot conceive. The issue of scrip or treasury notes without any thing to base it upon, and without any immediate prospect of a loan to redeem it I fear would not do. What other plan can be proposed? . . ." Williams to W. G. Ewing, November 4, 1839, in Ewing Collection, Indiana State Library.

[13] See below, 331n-32n. Protests against the bill are printed in the Indianapolis *Indiana Democrat,* January 21, 1840.

[14] See below, 423-28, 429, 431. The Treasurer of State reported in December, 1841, that $1,448,000 in treasury notes had been issued up to that time; of that amount, $1,292,700 was still in circulation. *Documentary Journal,* 1841-42, House Doc. No. 5, p. 53.

[15] Indianapolis *Indiana Journal,* February 26, 1840.

Election of 1840

Disappointment in the results of the legislative session were soon seemingly forgotten as the greatest election campaign yet staged in Indiana got under way. Politics became the order of the day. Whence emanated all the Whig enthusiasm that was engendered as county after county became the scene of huge gatherings? William Henry Harrison, Indiana's territorial governor and the hero of Tippecanoe, had again been nominated by the Whig party as their candidate for president. He was Indiana's choice; they had a national standard bearer about whom they could rally. A superb national organization was perfected to guide the campaign and this in turn was extended to the state and local level.

It was the year for the election of a governor in Indiana as well as the President. During the fall of 1839 various candidates were proposed by the two parties. Wallace had the support of Marion County, and his re-election was also looked upon favorably outside the capital.[16] He realized his own weakness in being closely associated with the internal improvement program, the cause of Whig defeat in 1839, and offered to step aside for someone more acceptable. To a correspondent he suggested Jonathan McCarty, former Congressman from the Fifth District, as one who would stand the "ware and tare" of the election campaign better than himself.[17] Charles Dewey, member of the Supreme Court, Joseph G. Marshall, of Madison, and John W. Payne, of Corydon, were also mentioned as possible Whig candidates.[18]

As for the Democrats, Robert Dale Owen, of New Harmony, was a possible candidate but declined before the state convention met on January 8.[19] Tilghman A. Howard, of Rockville, who was serving his first term in Congress, received the nomination. He would have preferred to finish his term but accepted the draft of his party. Eight days later the Whig State Convention nominated Samuel Bigger, president judge of the sixth circuit. Both men were well qualified for the governorship; both were above reproach so far as their own moral integrity was concerned; and neither had been actively associated with the internal improvement program in the state.

---

[16] See especially Indianapolis *Indiana Journal,* September 21, October 26, November 8 and 16, December 13, 1839. These include quotations from papers out in the state.

[17] See letter of Wallace to Samuel Judah, September 23, 1839, below.

[18] Bloomington *Post,* November 8, 1839; Terre Haute *Wabash Enquirer,* January 15, 1840; New Albany *Argus,* quoted in Indianapolis *Indiana Journal,* November 15, 1839.

[19] Owen to M. R. Southard, December 12, 1839, in Southard Papers, Indiana State Library.

Howard wished to remain in Washington until the adjournment of Congress, and so informed his constituents, but at the dictates of party leaders finally returned home the last of June to take an active part in the campaign. The Democratic candidate for lieutenant governor, Benjamin S. Tuley, had not been able to do any campaigning either, having been confined to his home for four months by illness. The Whigs in this respect had a big advantage over the Democrats for Bigger and his running mate, Samuel Hall, had been touring the state since the first of April, making scores of speeches. However, the Whig enthusiasm that reached from one end of the state to the other was generated by the presidential campaign rather than by the state election. The latter was merged into the national campaign, and the popularity of Harrison over Van Buren, the Democratic candidate, was sufficient to overcome the handicap the Whigs were laboring under for their responsibility in the state's internal improvement fiasco and financial condition.

The enthusiasm of the Whigs paid off first in the state elections held in August, with Bigger winning over Howard by a vote of 62,932 to 54,274; the Whigs also regained their lead in the General Assembly. In the presidential election of November 2 the Harrison electors defeated those of Van Buren by a vote of 63,000 to 51,000.[20]

No evidence has been found that Governor Wallace campaigned for his successor, although he did give him his blessing at the time of his nomination.[21] But with the state election out of the way, Wallace spoke at least at one Harrison rally, the one held in Indianapolis in October;[22] he also joined other Hoosiers who made the trip to Washington to attend Harrison's inaugural the following March.[23]

---

[20] *Indiana Election Returns, 1816-1851,* 29-36, 148-50.

[21] See proceedings of the convention in Indianapolis *Indiana Journal,* January 20, 1840.

The Democratic press claimed that the Whig success in the state was derived from party members stuffing the ballot boxes with 20,000 illegal votes. This contention was based on the theory that the votes cast in any election were always less than the number of polls; in this case there were over 117,000 votes cast, yet the number of polls reported to the State Auditor was only slightly over 100,000.[24] Governor Wallace had another explanation of this phenomenon, which was that between 18,000 and 20,000 men had failed to pay the poll tax.[25]

Final Message

With the presidential election out of the way, Governor Wallace had one month remaining of his term as governor. As he sat down to prepare his final message to the General Assembly, it was no doubt with a considerable sense of satisfaction that he dwelt upon the significance of the national election: the alarming extent of power manifested in the executive branch of the government for the last twelve years had been overthrown; the people of the United States had "evinced to the world that the rod of proscription cannot intimidate, that bribery cannot purchase, and that fraud and corruption cannot seduce them from the faithful discharge of their high and solemn duties."[26]

Turning to a less pleasant subject, the Governor noted the small balance remaining in the state treasury and called on the legislators to exercise the utmost economy in providing for the needs of government. One way in which he thought the state might save money would be to reduce the number of members in the General Assembly from 150 to 90, a suggestion that apparently did not meet with any response in the legislative halls.[27]

---

[22] Indianapolis *Indiana Journal,* October 10, 1840.

[23] There are references to Wallace's attendance at the inaugural in the Noah Noble Papers of March 15 and 21, 1841.

[24] Indianapolis *Indiana Democrat,* December 12, 1840.

[25] See below, 459.

[26] See below, 454.

The suspension of the public works and the general stagnation of all kinds of business had in turn affected the value of property to a greater extent than had been anticipated. This combined with the fact that a considerable amount of property was still escaping taxation did not forebode a very encouraging prospect for the future; then, too, it will be remembered that the tax levy for 1840 had been reduced from 30 to 15 cents on each $100 of valuation.

The public debt was approaching thirteen million dollars, and of this amount about three million was still due from the purchasers of state bonds. The Governor warned that the greater portion of this might ultimately be lost to the state. As visible evidence of what had been done with the borrowed funds, he could point to 25 miles of railroad, 42 of macadamized roads, and 230 miles of canal, plus two millions of dollars in bank and sinking fund stocks. With approximately $600,000 in interest coming due in 1841, he estimated that the state could raise only $150,000 independent of taxation. Thus the legislators were faced with the unpopular task of levying a substantial tax to make up the remainder. The Governor hoped that there were no popularity seekers in the legislature, and went on to say that he had faith in the people being willing to shoulder the load. "Ours are a debt paying people; and the promptness with which they have denied their confidence to every unprincipled demagogue who dared to preach a contrary doctrine, is the proudest evidence of the stern moral honesty that pervades the mass. They have complained, and perhaps in many instances justly, of mismanagement in the conduct of their affairs; but, then, whoever infers from that, that they could be persuaded to repudiate their honest debts, is ignorant of their character, and but poorly appreciates their firmness and integrity."[28]

With a change of administrations in Washington, the Governor was hopeful that the proceeds from the sales of public lands might

[27] See below, 456-57.

[28] See below, 463.

yet be distributed to the states, in which case he estimated that Indiana would be entitled to about three million dollars as her share.[29]

On the question of what to do with the uncompleted public works, the Governor thought it imperative that two or three of them be completed, and backed up his plea by citing prices that agricultural produce was bringing in the interior as against the price that could be obtained on the Ohio River.[30]

The five-year contract which the state had with Patterson and Hensley for the management of the State Prison was about to expire; the legislators were reminded of this fact, and that it would therefore be an auspicious time to make the changes and improvements that had been contemplated.[31] Lack of funds prevented the Assembly from making all the reforms that were needed, but they were able to improve the system of letting out the prison to the highest bidder by making the office of superintendent appointive by the governor. However, his compensation was to be contingent upon the net profit to be derived from prison labor; thus there would still be pressure to make as much as possible.[32]

Although the Governor had never failed in any of his messages to cite the need for institutions of learning, yet at the same time he favored internal improvements above education when it came to the matter of appropriations. Now in his last message, he made a final plea for an improved system of common schools.

---

[29] See below, 464-65.

[30] See below, 470-71. An act was passed during this session classifying the public works. Construction of the Whitewater Canal from Brookville to Connersville, the Madison and Indianapolis Railroad from Vernon to Edinburg, and the removal of obstructions in the Wabash River were placed in the first class and all the other works enumerated in the 1836 act were placed in the second class. The act also provided that individuals or corporations be given the privilege of taking up and finishing any portion of the public works that remained unfinished. *Laws of Indiana,* 1840-41 (general), pp. 207-8. Nothing was done under this act. The following year further legislation was enacted to provide for turning the improvements over to private companies. For the final disposition of the public works, see Esarey, *History of Indiana,* 1:419-46.

[31] See below, 457-58n.

[32] *Laws of Indiana*, 1839-40 (general), pp. 136-40.

"Our State can never attain the proud distinction we fondly anticipate for her, until an efficient system of common school instruction be established. . . . The blessings of the common school are dispensed far and wide, to the obscurest corner of the State, and pervade all the strata which compose the social fabric. . . . The men of the forest and the prairie—our support in peace and defense in war—should be furnished with the means of educating their rising offspring." The beneficent effect of such a course would be demonstrated, he said, "in the virtue and intelligence of the people —in their enlightened attachment to their country, and to the free institutions which bless and exalt it."[33] Practically no advances were made in the field of education during Wallace's administration other than those achieved by private and church schools.

At the close of his message, the Governor summarized the task of the Assembly in this fashion: "to curtail every expense as far as practicable; to husband our resources carefully, to apply them judiciously, to resort to taxation only when all other just and proper expedients fail; and to maintain at all hazards, the credit of the State unimpaired." In whatever manner the legislators and their constituents might judge his administration, he wanted it known that he had given his undivided attention to the trust confided to him; that he had endeavored to discharge his duties with fearless independence, and with an eye single to the interests of his fellow citizens. He felt that judgment should not be rendered until after the lapse of a few years, in order that a more objective view might be taken of the events that had transpired and how they were met.[34]

Now, almost a century and a quarter later, what is the verdict? Probably every one will agree that Wallace was not a strong executive. Even those who held positions of authority in his administration do not seem to have looked to him for leadership, nor did the members of the Whig party. His plan of proceeding with all the lines of improvement simultaneously instead of concentrating on a few at a time was later acknowledged by his own party to be wrong. His modified plan of concentrating

[33] See below, 474-75.

[34] See below, 476-77.

the work on each particular line, instead of scattering it along the line, was never carried out. He apparently did not try to exercise any authority over either the members of the Board of Internal Improvement or the Fund Commissioners. His appointments to the latter office were not always the best; at least some of the appointees were more interested in their own well being than that of the state. No evidence has been found that he corresponded with the members of his official family or with party leaders. He apparently did visit the various lines of improvement, watched their progress, listened to complaints, etc.

Two of the three General Assemblies of his administration had Whig majorities, and the third had a Whig majority in the Senate. His relations with the members seems to have been cordial; there is no evidence that he tried to influence legislation beyond the recommendations made in his annual messages. Only in one or two instances did he use his veto power, and these concerned local legislation. Once he withheld his signature from a bill, but allowed it to become a law because it was needed.

Concerning his relations with the judicial branch of the government, only in one instance did the editors of the present volume find a complaint that Wallace had abused his power in remitting fines and issuing pardons. The *Indiana Journal* defended him on that score, asserting that they knew he did not remit all fines, even though recommended to do so by his warmest friends. If the judges and officers of the court as well as members of the jury recommended a remission or pardon, it was difficult for the Executive to turn down the plea, inasmuch as they were the most competent advisers he could have.[35]

That David Wallace was upright in character, there is no doubt; no breath of scandal seems to have touched his private life, and very little his public life. In a period known for its oratory and orators, Wallace was considered outstanding. The reader of today who peruses the few speeches of his that have been preserved may fail to find anything very unusual in them except for a phrase now and then; but delivered in his inimitable style, they apparently were highly pleasing to the audiences of his day.

---

[35] Indianapolis *Indiana Journal,* October 26, 1839.

Wallace's predecessor, Noah Noble, had not been a strong executive either, yet judging from his correspondence after leaving office, he was still looked upon as the head of the party by many of his contemporaries. This was no doubt due in part to his position as head of the powerful Internal Improvement Board. Since it was under his administration as governor that the Mammoth Internal Improvement Bill was passed, and since the Internal Improvement Board was charged with carrying out the provisions of the act, the opposition party placed much of the blame for the system upon him.

Wallace had said in his inaugural message that the task of his administration was to be confined to executing a program that had already been formulated before he took office. Taking this narrow view of the responsibilities of his office, he no doubt felt that he had fulfilled the task for which he had been elected.

After 1840

Immediately upon turning the affairs of government over to his successor, Wallace resumed his law practice. Instead of returning to Covington, he opened an office in Indianapolis, and the family moved to a home at the corner of New Jersey Street and Massachusetts Avenue.[36] The former governor had barely gotten started in his law practice when he was called to run for Congress from the Sixth District. The district convention was held at Danville on March 26; Wallace was not an avowed candidate but he was the choice of the nominating committee and their nomination was accepted by the delegates.[37]

The Indianapolis *Indiana Democrat* immediately said it was all planned in advance; that Noah Noble wanted to be appointed minister to Spain, and wanted Wallace out of the way (the inference being that President Harrison might appoint Wallace instead of Noble).[38] Judging from Noble's correspondence, both Wallace and Noble as well as other Hoosiers hoped to receive appointments under the new administration. Noble declined the position of commissioner of the General Land Office which was offered him and said he would not accept those of governor of Iowa Territory or minister to Spain should they be tendered. Noble did not attend Harrison's inauguration, but left for the East two weeks later. En route he met Wallace, who was on his way home from Washington, and reported that the former governor was very cool toward him.[39]

---

[36] William Watson Woollen, *Reminiscences of the Early Marion County Bar* (Indiana Historical Society *Publications,* Vol. 7, No. 3, Indianapolis [1917]), 199.

[37] Indianapolis *Indiana Journal,* March 26, April 6, 1841.

[38] Indianapolis *Indiana Democrat,* April 2, 1841.

On April 10 the word reached Indianapolis of President Harrison's death on the fourth. The people, and especially the Whigs, were stunned. They had conducted the 1840 campaign without a platform. The vice-president, John Tyler, was not bound by any pledges, and the Whigs were certain that he would be wooed by the southern Democrats.

The Congressional election was held on May 3, 1841, instead of in August in order that Indiana might be represented in the special session of Congress that had been called by President Harrison to meet on May 31. Wallace's opponent on the Democratic ticket was Nathan B. Palmer, former Treasurer of State. The Whig enthusiasm of the previous year was still strong enough to bring about a Whig victory in all but one of the Congressional districts. The only reason for the one Democratic victory was that in the Fifth District two Whigs (Caleb B. Smith and Jonathan McCarty) insisted on running and thus split the Whig vote. The Whigs elected in addition to Wallace were George H. Proffit, Richard W. Thompson, Joseph L. White, James H. Cravens, and Henry S. Lane. Thompson, White, and Cravens were neophytes, as well as Wallace.[40]

The special session met on May 31 under unprecedented circumstances. For the first time in the history of the country, a vice-president had succeeded to the presidency. Though the Whigs had a majority in both the House and Senate, with Tyler as president, the future was uncertain. Henry Clay was in the Senate and about a week after the session started introduced a series of resolutions which some called the belated announcement of the Whig platform. They advocated the repeal of the subtreasury act, incorporation of a bank adapted to the wants of the people and the government, provision for an adequate revenue by imposition of duties on foreign goods, and distribution of the proceeds from the sale of public lands.[41] Wallace was placed on the committee on military affairs.

---

[39] Noble to his son-in-law, A. H. Davidson, March 21, April 5 and 27, 1841, in Noble Papers, Indiana State Library; Indianapolis *Indiana Democrat,* January 26, 1841.

[40] *Indiana Election Returns, 1816-1851,* 101-5.

There was no difficulty in repealing the subtreasury act, but a bill re-establishing a United States Bank was vetoed by President Tyler. A second bank bill, framed to meet his objections, was likewise vetoed. The Whigs were up in arms, and a few days later issued an address to the people of the United States which was a severe arraignment of the President's course.

Clay's proposal for the distribution of the proceeds from the sale of public lands fared better than the bank bills. It passed the House on July 6 and became a law on September 4. The special session ended on September 13; Wallace had not entered into any of the debates. It was scarcely three months before the regular session of Congress began on December 6. This session was marked by two episodes that were calculated to make it memorable: one, John Quincy Adams' battle for the right of petition; and second, Clay's farewell to Congress after thirty-six years of service. A farewell dinner was held for him on March 24. During the summer Wallace made his one and only speech in Congress, speaking in favor of the tariff bill. The session proved extraordinarily long, not coming to a close until August 31, 1842.

Again there was only a brief interim until the members were called back for the last session of the Twenty-seventh Congress. The Whigs continued their war against President Tyler, and on January 10 a proposal was made that he be impeached. This was dropped without coming to a vote. One of the last acts of the session was an appropriation of $30,000 to test the value of Samuel F. B. Morse's electro-magnetic telegraph. The debate on it was not taken seriously by many Congressmen, but Wallace and the other Indiana members supported it.

---

[41] For an account of this special session and the two regular sessions of the Twenty-seventh Congress, see Charles Roll's *Colonel Dick Thompson, The Persistent Whig (Indiana Historical Collections,* Vol. 30, Indianapolis, 1948), 53-71.

Returning home in March of 1843, Wallace was a candidate for re-election. His opponent this time was William J. Brown, a former secretary of state. Since the last election, the state had been redistricted and was now entitled to ten members of Congress. The election was a Democratic landslide this time, with eight Democrats being elected and only two Whigs. Thus two and a fourth years after his first retirement from public office, Wallace was again free to resume his private life and engage in the practice of law. This was interrupted in 1850 when he was chosen to represent Marion County in the Constitutional Convention. Here again he did not take an active part in the debates. The next public office tendered him was that of judge of the Marion County court of common pleas in 1856. He was still serving in that capacity when he died on September 4, 1859.

In addition to three sons by his first marriage, Wallace was survived by his second wife and two daughters and a son by this marriage, namely Mary, born 1837; Agnes, born 1849; and David, Jr., born 1852.

MESSAGES AND PAPERS

Wallace: Inaugural Address to the General Assembly[1]

[December 6, 1837]

FELLOW-CITIZENS OF THE SENATE AND OF THE HOUSE OF REPRESENTATIVES:

Deeply impressed with the responsibility of the station which the kindness of my Fellow-Citizens of Indiana has selected me to fill, I embrace this opportunity of tendering to them, through you, my most grateful acknowledgments for this distinguished manifestation of their confidence, together, with a brief expose of the views and opinions I entertain on exciting questions of State policy. In taking this step, I feel, that I am only following in the wake of all my predecessors.—They have, I believe, without a single exception, deemed it most respectful and proper, prior to entering on the discharge of their official duties, to publish, to the people, an epitome of the principles, by which they design to be governed during their continuance in office. Upon this custom I have no desire to innovate; and, if I had, this is certainly not the time to attempt it. The surprising increase of wealth and population which the history of Indiana for the last eight years so cheeringly exhibits; the acknowledged extent and fertility of her soil; the singular variety of stirring and important interests growing out of these circumstances; added to the bold, daring, and gigantic efforts she is now making to ensure a full and speedy developement of all her resources, calls, not only, for the undivided application of the whole energies of her people, but, also, for the *unconcealed* opinions of her public servants.

---

[1] *Senate Journal,* 1837-38, pp. 26-33. For the message of the outgoing governor, Noah Noble, see *ibid.,* 9-22, reprinted in *Messages and Papers of Noah Noble,* 579-603. Noble's message contained a summary of the work of the various state agencies during the year 1837, and should be studied along with Wallace's message.

In acquitting myself of this delicate task, I frankly confess, before hand, that the consciousness, that none of the duties that I shall likely be required to perform, will consist, either, in designing, limiting, or establishing any new system of State policy or improvement, is to me, a source of great and peculiar relief. Because, I cannot but look upon these perplexing matters as being, already, settled; the controversies concerning them as ended; and the scale and character of our future plans and operations, for years to come, as, in a measure, permanently fixed. If, in this, I do not err, the duties devolving upon each and all of us, as mere agents of the people, are, to my mind, both obvious and easy of comprehension. They are, evidently, to be confined to the labors of execution; to the toilsome, vexatious, and difficult endeavors to carry out and perfect the magnificent system of State Improvement which the legislation of past years has so laboriously matured.

In assuming such grounds I am not unconscious that, in the estimation of a very respectable portion of my fellow-citizens, it is considered that the state has undertaken entirely too much: that the very attempt to prosecute so great an enterprise, with the means in possession or expectancy, must, inevitably, involve us in debts beyond our abilities to pay; and, thereby, entail upon us, the worst of all evils—oppressive and ruinous taxation, without even the hope of relief or mitigation.[2]—I am not unaware too that, in anticipation of such fearful consequences, prediction after prediction has, repeatedly, escaped from intelligent lips calculated to chill the ardour and to extinguish the noble spirit of daring which seems to have animated the bosoms of a large majority of the people. But the astonishing success which has thus far attended our progress: the realization of all, and more than friends the most sanguine dreamed of; nay, the flattering auspices of the future, should, it appears to me, dispel every doubt and quiet every fear which such boding prognostics may have created. To relieve myself, however, in speaking so encouragingly, from the imputation of overwrought zeal, perhaps, from the charge of being too deeply enamored with the enterprize, itself, to exercise a sound or unbiassed judgment, permit me, by departing a little, from the course usually adhered to on occasions like the present, to present you with some of the most important facts which the experience of the past most indubitably furnishes.

---

[2] See above, 14-17.

From documents that will in due time be laid upon your tables by the proper department, I have, at the expense of some labor, and with a view to the assurance of my own mind, gleaned a few interesting items, of statistics which, seem to me, to exhibit the truest picture of the strength and resources of the State as they now are, together, with the best data, upon which, to build calculations for the future. These have been taken uniformly, by me, from the official returns of the assessment of taxable property, made from the several counties in the State, agreeably to the requisitions of law.

If the rule, which some political economists have laid down be correct, that the wealth of a State consists in the number and industry of her population, Indiana has, surely, the most abundant reason to feel confident in, and proud of, her present condition and prospects. The yearly accession she has made to these undoubted elements of wealth has been no less cheering than wonderful. To prove this take the returns just referred to—the returns for instance, of 1830, '35, '36, and '37, now on file in the office of the auditor of State, and compare them. These show that the taxable polls of 1830 amounted to 52,196; that the same for 1835 amounted to 64,289; for 1836 to 77,438; for 1837, the present year, to 85,000, or thereabouts.[3] I am here constrained, however to acknowledge that, these returns are, in many respects, glaringly imperfect; that they fall greatly below the true estimate as the aggregate vote for Governor, this year, most conclusively demonstrates. This vote amounts to between eighty-three and eighty-four thousand, a little less, you perceive, than the number of taxable polls returned, whereas, in truth and in fact, all parties will admit that, not less than fifteen or twenty thousand voters either remained at home or did not vote.[4] But still, imperfect as these returns are, they sufficiently indicate the progressive increase of population to answer our present purposes. They furnish the friends of the present system of State policy and improvement with the most exhilarating results. Instead of witnessing the gloomy process of depopulation, as was so confidently predicted, they have been gratified with the exhibition of scenes the very reverse. The tide of emigration has continued to swell around us beyond all former example; so much so, that the increase of taxable polls of the last two years, exceeds, the increase of the taxable polls of the five preceding years, upwards of eight thousand: In other words the increase of the last two years amounts to 20,711 polls, whilst the increase of the five preceding years amounts to only 12,093. I leave the facts, with you, without comment. Indeed, they need none; the language they speak and the conclusions they lead to, are as pointed and convincing as the most fastidious friendship could desire.

---

[3] A report made by the State Auditor on December 28, 1835, gave the number of taxable polls for that year as 64,289. However, in an earlier report, dated December 16, 1835, he gave the number of polls in 1834 as 74,358 and the number in 1835 as 77,041. *Documentary Journal,* 1835-36, [Nos. 9 and 17]. In 1837 the number of polls was reported to be 82,921. From this number, the auditor estimated that the state would receive about $36,500. *Senate Journal,* 1836-37, p. 58.

A census of the white males over twenty-one years of age, taken in 1835 for the purpose of reapportioning the members of the General Assembly, reported the number as 92,261, of whom 3,374 were exempt from payment of a poll tax. *Documentary Journal,* 1835-36, [Nos. 13, 14]. Revolutionary soldiers were exempt from payment of the poll tax and other men over thirty-five might be exempt because of physical disability or poverty. *Revised Laws of Indiana,* 1831, p. 427.

Again: On the subject of taxable property, the same documents display similar results equally as cheering and quite as conclusive. For the year 1830, it is true, we have not the means of ascertaining the aggregate value of property throughout the state—the revenue of this year having been collected under the old system[5] —but, for the years 1835, '36, and '37, we are not left so completely in the dark. The new mode of taxation then, for the first time adopted and enforced, shows us that the sum total of all the taxables of these years ranges, nearly, as follows: that is to say, for the year 1835, 47,353,885 dollars; for 1836, 82,163,687 dollars; for 1837, 98,500,000 dollars. Do these flattering results, I ask—below the true estimate as they confessedly are—indicate, in the remotest degree, that any of the great fountains of our wealth have been drying up? With the utmost defference for the adverse opinions of others, I humbly conceive not. The Canal Committees of the Senate and House of Representatives last winter in their report, calculated, only, upon an increase of taxables from year to year at a rate of ten per cent. Thus far, at least, they have missed the mark widely. Instead of ten per cent. the returns of the present year exhibit an increase of near twenty.

---

[4] The number of votes cast in the gubernatorial election was 82,989. Three years earlier 64,030 votes were cast for governor. In the presidential election of 1836 a total of 74,423 persons voted. *Indiana Election Returns, 1816-1851,* 21-28, 145-48.

[5] The ad valorem system of taxing lands was introduced in 1835. *Laws of Indiana,* 1834-35 (general), 12-22. Previous to that time lands were classified as first, second, and third rate and taxed accordingly.

If we descend from generals to particulars, the foregoing result will not be materially changed; but, on the contrary, we shall still be cheered by the discovery of new facts, all, alike tending to sustain and confirm the people in the course they are now pursuing. Take, for example, the eighteen counties bordering on the Ohio, including all the counties south of White river, and we find that, even there, in the oldest settled part of the state where the population, wealth, and improvements are comparatively fixed, and, consequently, less liable to fluctuation and change, the taxable polls increased, the present year, 1058, and the value of taxable property 2,405,838 dollars. I am not mistaken in this result: Because the returns of 1837, show the taxable polls of these counties to be 19,178, and the amount of taxable property, 25,442,307 dollars, whilst, the same returns for 1836 only give us 18,120 polls, and 23,036,469 dollars of taxables.

But to be more special still: Select the counties of Spencer, Perry, Crawford, Harrison, Clark, Jackson, Switzerland, and Ripley—through which none of the contemplated works of Internal improvements are to pass—and how stands the account there? Why, in 1836, they returned 7,898 polls and 8,176,374 dollars of taxables, and, in 1837, 8,200 polls and 8,798,540 dollars of taxables, showing the increase of the present over the past year to be 302 polls and 623,166 dollars of taxables. A result, certainly, which should be hailed by the friends of Internal Improvement as peculiarly ominous and encouraging; a result, which absolutely demonstrates that no part or portion of the State has been retrograding: that no part or portion of our fellow-citizens have been flourishing at the expense or upon the means of their neighbors; in short, that while the north has been springing forward with amazing rapidity, the south—the patriotic south! has been pursuing the even tenor of her way, prospering, even in those parts where no adventitious circumstances have been permitted to assist her.

The foregoing remarks being strictly applicable to our past and present condition, a glance at the future may not, perhaps, be unprofitable. We are all equally interested in the enquiry, What assurances have we that these prosperous circumstances are to continue, or, that the sources of our revenue are to expand in proportion to the increased demand that, we know, must be made upon us from year to year, to defray the interest upon our rapidly accumulating debt? In finding an answer to these questions, I am happy to say, that, we are not left to the uncertain guidance of mere conjecture. We have at our command, facts and data, as undoubted in their character, as those upon which we have just been commenting. By referring to the Reports of the Commissioner of the General Land Office, for a series of years back, we ascertain from them, the precise number of acres of the public land that have been sold each year within the limits of the state, and, consequently, the exact annual additions that will constantly be making to the present amount of our taxable land, as far in advance as 1841. For the satisfaction of my fellow-citizens, I here, furnish them with these important results. The quantity of public land sold, for instance, in 1832, amounted to 546,444 acres—these, as a matter of course, became taxable the present year; in 1833, 555,000 acres were sold—which become taxable in 1838: in 1834, 585,000 acres were sold—which become taxable in 1839: in 1835, 1,586,904 acres were sold—which become taxable in 1840: in 1836, 3,249,210 acres were sold—which become taxable in 1841: making altogether a sum total of 6,522,958 acres, which, in 1841, is to swell the tax list of that year over and above the tax list of 1836: that is, instead of the five millions of acres and upwards subject to taxation in 1836, we shall have twelve millions and upwards subject to taxation in 1841. Is not this a most animating result? Could our prospective advancement in all the substantial elements of wealth be presented in bolder relief?

But again; in looking forward to the increase of taxation, it is quite natural that we should enquire how this burthen is to be distributed? Whether equitably or not? Whether it is so arranged that those who are most benefitted shall be required to pay most? Prompted by curiosity, I was led to a somewhat minute examination of these points, and I found, first, that of the 81 counties that appear upon the tax list of the present year, 52 of them are directly and immediately interested in the prosecution of some one of our public works, and 29 that are not; secondly, that the sum of all the taxables returned by the 52 counties this year, amounts to near seventy-six millions of dollars, while the same returned by the 29 counties, amounts to but twenty-two and a half millions; establishing the fact, to the satisfaction of the most scrupulous, that the former counties, even, of the burthens and expenses of the present year, pay near three and a half times as much as the latter. And I take it, that it needs but a moment's reflection to decide that, this ratio, great as it is, must continue to increase for years to come: For not less, perhaps, than eight-tenths of the six and a half millions of acres of land, which we have seen are to become taxable in 1841, lie in some one of the 52 counties, or in the north. And there is the north too, with her port of entry and harbor on the Lake; her shipping list, strange as it may sound to our ears; her one hundred thousand dollars worth of exports—her three hundred arrivals and departures of vessels, of various descriptions, the present year;[6] her iron foundries;[7] her numerous manufacturing establishments; her enterprising population—her flourishing towns and villages—the north, I say! hold out to us these most flattering indications that, she too, will be forthcoming at the hour of need—perhaps, by '41, certainly by '45—with her taxable list of thirty or forty millions of dollars.

---

[6] From what source the Governor obtained these shipping figures is not known. A Congressional document giving the exports and imports of each state from October 1, 1836, to September 30, 1837, does not give any figures for Indiana. See *House Executive Documents,* 25 Congress, 2 session, Vol. 10, Doc. 372, pp. 294-95. In 1834 there were eighteen steamboats operating on the Great Lakes and their total business (imports and exports) was reported to be $6,272. Six years later there were forty-eight steamboats and the business west of Detroit amounted to

With all these facts before us, can the remarkable circumstance —which made false prophets of so many of us—of the state's procuring last summer—in the midst of the universal wreck of credit which then pervaded the whole country—the necessary amount of funds, and on terms too as favorable as she asked for—remain any longer an enigma?[8] I think not.

A question of very considerable importance, bearing directly upon the mode and manner of prosecuting our public works, was agitated amongst the people during the last summer with great energy and zeal; I mean the question of classification. A more imposing one, perhaps, has seldom or never been introduced to the consideration of any community—one, better calculated to rally to its embrace a formidable host of friends. Concentrate, say the advocates of this policy, the entire energies of the state upon some

---

$201,838. *Merchants' Magazine and Commercial Review,* 15 (1846) :349-50. However, less than half the tonnage on the Great Lakes in 1838 was steam-operated. R. Carlyle Buley, *The Old Northwest, Pioneer Period, 1815-1840* (2 vols. Indiana Historical Society, 1950), 1:424. The fur-trading business carried on at South Bend by Lathrop M. Taylor would have accounted for a part of the exports. See *Indiana Magazine of History,* 45 (1949) :369-82.

[7] The St. Joseph Iron Works had already been organized at Mishawaka by Alanson M. Hurd to use the iron ore available near that town, and in February, 1838, the Mishawaka Iron and Manufacturing Company was incorporated by John M. Sherman and others. Timothy E. Howard, *A History of St. Joseph County Indiana* (2 vols. Chicago, 1907), 1:323. The South Bend *Free Press* hailed this new development as "an event of almost incalculable interest to our whole country." Heretofore, the enormous cost of iron had retarded the improvement of the country. Governor Wallace was using a stove made by the former company in his law office in 1841. Citizens of Indianapolis were invited to stop and see it. Indianapolis *Indiana Journal,* January 16, 1841, p. 1.

[8] The reference is to the success of the Fund Commissioners in borrowing over two million dollars at 5 per cent interest for internal improvement purposes. See below, December 11, 1837, for the report of the commissioners.

one or two of the works, at a time, and finish them before any of the remainder are touched, and so on in succession until the whole are completed. Now the objection to all this, is not, nor, cannot be, to the abstract proposition itself, but purely to what must grow out of the effort to apply it—a division of friends—the clashing of adverse interests—in a word, the utter prostration of the whole system. Believing that such would be the result of its adoption, I have heretofore, on all fit occasions, declared publicly to my fellow-citizens, my decided hostility to it; and I have now only to add that I have seen nothing since to justify a change. Still if, in all this, I am mistaken—if my fears and apprehensions are groundless, here, I am happy to say, is the place to correct them. I stand pledged to the people, in this matter, to conform to their will as they may see fit to express it through a majority of both branches of the legislature. But in reality are these fears imaginary? Let us endeavor to test them. Some of the works must be postponed. But whose shall they be? Are you of the north instructed by your constituents to vote that their work shall be deferred until all or a part of the rest are completed? I put the same question to you of the Wabash—of the south—of the centre—of the east? If you are, why, then, every difficulty vanishes—no dissatisfaction can accrue—and the plan can be carried out successfully; and therewith I shall be content. But if, as I am led to believe, your instructions are directly the reverse—if you are sent here by your constituents to urge a speedy and energetic prosecution of the several works in which they are interested, I cannot, for the life of me, see how you are to classify them, in the way proposed, without engendering such hostilities and creating such divisions among you, as to prove fatal to the whole enterprize. In anticipation of such consequences, and with a view to escape from them, I have, in other places, suggested a different plan; a plan that can only be carried into effect by liberally indulging in a spirit of compromise. It is to concentrate the means of the state on portions of each work at the same time, commencing at the most profitable and commercial points to be designated by the legislature, or Board of Internal Improvement; to complete these portions respectively before others are touched; and as soon as completed put into use, in order that the state may be realizing something from them whilst she is in the act of finishing the remainder. In this way conflicting interests may be reconciled, harmony preserved, and the great mass of the people enlisted on the side of our Improvements. A point, by the way, of incalculable importance. For let the people of Indiana be united, let their means and resources be applied with all their skill and energy, and, I could almost venture to predict their achieving impossibilities. But sow the seeds of discord instead; call up the demon spirit of sectional jealousy to mingle in their councils, and the giant will instantly shrink into the dwarf, and all their efforts be attended by the mortifying concomitants of failure and disappointment.

It is highly necessary also, in the prosecution of our public works, that strict economy should be observed in the administration of every department; lavish or unnecessary expenditures should be carefully avoided; the people should be satisfied that every dollar they appropriate shall be skilfully and legitimately applied and scrupulously accounted for; in fine, that such a line of policy should be selected and rigidly pursued as will tend most to relieve them from the burthens of taxation, and yet, attain for them, with commendable rapidity the great end desired.

Closely and inseparably connected as is the cause of education with the prosperity and successes of any people, it is unquestionably, the part of wisdom, and one of the first requisites of prudence in us, neither to forget nor lose sight of it in our zeal for the achievement of other objects. And I am proud to say that hitherto, we have not. The funds that have been set apart for education purposes in Indiana, are truly great and munificent, and need only, a corresponding energy and foresight in the application of them to procure the happiest results—to carry the light of intelligence and the spirit of inquiry into every family circle in the State. Entertaining such sentiments, I hope I need scarcely add, that I shall cheerfully endeavor to devote whatever ability or influence I may possess—official or otherwise—to aid in its promotion; to cheer its friends; and to rally to its support the good will and the best regards of my fellow-citizens generally.

Inasmuch, too, as the great and paramount interest of the State is, from the peculiarity of her position and soil, agricultural, it will at all times afford me unmingled satisfaction to contribute any and every thing in my power to encourage and sustain it. It is, recollect, for this end (and surely a nobler cannot be conceived) that the fortunes of Indiana have been ventured on the construction of so extensive a system of internal improvement. The friends of this system ardently hope, that the day will not be far distant when the million freemen whose homes are to be reared and whose industry is to subdue the almost interminable forests in the interior, shall be enabled, by it, to enjoy like facilities—like advantages in commercial transactions, as are at present possessed by our more fortunate neighbors who dwell upon the banks of the Ohio. And, permit me to remark, that I hail the spirit displayed through the numerous agricultural societies and fairs created and held the past year in every part of the State as furnishing the best guarantee of future success and excellence in every branch of mechanical and agricultural skill. And to my fellow-citizens who are engaged in, at once so innocent—so happy, and so beneficial a scheme of improvement as these same societies indicate, in the utmost sincerity of my heart, I say, God speed you.

Having now freely and frankly communicated my sentiments in regard to the most prominent questions that are likely to engage your thoughts and deliberations for some time hence, I have only to add that I shall diligently seek to co-operate with you in the furtherance of all measures that may have for their object the prosperity and happiness of Indiana. And although I shall not pretend to bring to your assistance the aid of superior abilities, yet am I unwilling to acknowledge that I shall be behind you in the will or the inclination to serve my State to the utmost. And being that we are now on the threshold of our official intercourse and duties, suffer me in conclusion to supplicate Almighty God to smile upon our labors; to light up before us the path of duty; to improve and direct our judgments; to inspire our hearts with becoming sentiments of kindness and affection for one another; and, finally, to bestow upon us the richest reward public servants can aspire to—the thanks, the commendation, and the support of intelligent constituents.

Treasurer of State: Annual Report[1]

TREASURY DEPARTMENT,
INDIANAPOLIS, 7TH DEC. 1837.

The Treasurer of State, in obedience to the directions of the "Act concerning the Auditor of Public Accounts, and Treasurer of State," submits the following report of the Revenue and Expenditures of the State, . . . from the 1st of December, 1836, to the 30th of November, 1837, both inclusive.

Receipts during the fiscal year from revenue:

Receipts during the fiscal year of 1836		60,081 88
Receipts during the fiscal year of 1837		4,355 35
Rents paid by Superintendant of State Prison	700 00	
Lots, &c. at Indianapolis	800 00	
From sales of Michigan Road Lands	4,346 17	
Estates without heirs	63 50	
Incidental payments	511 50	6,421 17

The receipts and credits in the College branch of the Loan office department have been—	
Balance of this fund on hand at last report	963 36
Received from William Alexander, commissioner of Reserve township in Monroe county	1,577 92
James Smith commissioner in Gibson county	383 00
Loans refunded	8,815 62
Interest on loans	3,802 37
The amount paid into the Treasury of Saline fund, appertaining to the Loan office, has been from Andrew Wilson, commissioner of Saline lands in Orange county	1,754 17
Henry Young, commissioner of Washington Co.	1,173 13
Milton M'Phetridge, commissioner of Monroe Co.	435 95
Loans refunded	1,720 00
Interest on loans	1,599 30

---

[1] *Senate Journal,* 1837-38, pp. 41-50.

Amount overpaid the present year by the Treasurer of State	5,123 75
	$ 98,206 97

The Expenditures and Liabilities of the Treasury during the same period have been—

Over payments made by Treasurer of State during the financial year of 1836, on account of the Treasury proper	$ 5,151 30
Pay and mileage of members of the Legislature, including clerks, doorkeepers, &c.	24,379 24
Printing and stationary	9,024 56
Specific appropriations	5,321 45
Contingent expenses	1,017 52
Premium on wolf scalps	412 50
Pay of Probate Judges	3,196 50
Pay of Executive officers	2,999 00
Pay of Judges of Supreme and Circuit Courts	9,558 39
Pay of Circuit Prosecutors	1,344 62
Pay of Adjutant and Quarter Master Generals	208 33
Payments on account of State House	6,641 51
Payments on account of State Library	301 29
Payments on account of State Prison	874 62
Payments on account of Presidential election	312 02
Estates without heirs refunded	28 28
Michigan Road Scrip redeemed	3,831 00
Michigan Road	980 19
School moneys refunded	575 09
Geoligical Survey	666 78

The disbursements on account of the College branch of Loan office have been—

Payment on account of Indiana College, including incidental expenses of Loan office	4,650 19
Loans of College Fund	10,243 50

Payments and liabilities on account of Saline fund subject to the Loan office laws, are—		
Over payments in 1836	77 67	
Loans of Saline Fund	6,140 00	
Saline Fund expenses	263 42	21,374 78
		$ 98,206 97

Warrants outstanding—		
No. 2068 State Prison	$ 37 50	
No. 2544 Judiciary	375 00	

The Treasurer of State submits the following estimate of the Receipts and Expenditures for the year 1838:

Revenue of former years	$ 1,000 00
Revenue of 1837	146,000 00
Rents from superintendent of State Prison	1,000 00
Making the total available means for 1838	$148,000 00

The expenses will be—as estimated below:

For salaries of Judges and Prosecutors	$14,900 00	
Executive officers	3,200 00	
Printing, stationary and distributing laws	9,000 00	
Legislature	35,000 00	
Contingent and specific appropriations	5,500 00	
Probate Judges	4,000 00	
Wolf scalps	700 00	
State prison	1,000 00	
State Library	350 00	
Adjutant and Quarter Master Generals	150 00	
State House	1,200 00	
Geological Survey	1,500 00	76,500 00

To which may be added the following liabilities of the Treasury, viz:		
Over payments by the Treasurer	$ 5,123 75	
Unaudited claims	12,000 00	
College fund in Treasury	648 58	
Saline fund in Treasury	201 46	
Estates without heirs	1,878 38	
Conscientious fines to be distributed	543 00	20,395 17
		$ 96,895 17

Leaving an estimated balance over the expenditures of 1838, of $51,104 83.

The main portion of this balance will be paid over to the Fund Commissioners, under the act of last session, to be applied to the payment of interest on the State loans.

The revenue due and payable at the Treasury since my last annual report, has been paid into this department by the various collecting officers, with the same promptitude which has been so creditable to them for the several past years.

The nett amount of revenue of 1836, agreeably to the assessment returns made to the Auditor of Public Accounts by the different clerks, was $57,366 91.

It will be seen by this report that the amount of revenue of that year, actually paid into the Treasury, is $60,541 88; exceeding the assessment return $3,173 97, besides the amount of $1,360 96 yet due from collectors, making in all, the amount of $4,534 93 of revenue over the amount of assessments.

This fact, not only proves the faithful and assiduous discharge of duty by collecting officers, but also, makes manifest the imperfect character of our revenue laws in reference to assessments, or great carelessness and neglect in the officers having charge of that duty.[2]

---

[2] The State Auditor, in his report, estimated that in 1836, 300,000 acres of land had escaped taxation, and in 1837 nearly 600,000 acres. *Senate Journal,* 1837-38, p. 58.

The amount of revenue lost to the Treasury annually, by these partial and imperfect assessments, exceeds, no doubt, one-tenth of the whole amount of the actual assessments.

This loss to the Treasury, together with the fact, that great injustice is consequent upon such partial exactions from our citizens, would seem to call aloud for such amendments to our revenue laws, as will, in the future, obviate the difficulty complained of. It is respectfully submitted to the General Assembly, whether it would not be advisable to authorize triennial assessments; subjecting the several counties at each triennial year, to such thorough and searching survey, by a principal and two assistant assessors, as would insure a full and perfect assessment of all the property, together with an equitable and uniform valuation of the same.

The additional expense may perhaps, be regarded as an objection; but when it is considered that the expense of assessments for the two years intervening the triennial assessments, would be much less than at present, (the changes and transfers of property being only necessary to be noted,) would make the aggregate expense not much, if any, greater than at present.[3]

The amount of revenue of 1837, exclusive of that portion which is directed by law to be paid over to the Fund Commissioners, will probably be adequate to all the demands upon the Treasury the coming year, including the deficit of the past year, and leave a balance in the Treasury to be carried to the credit of 1839, of about fourteen thousand dollars.

The rapidly increasing population and wealth of the State, has swelled the amount of assessments considerably above what had been anticipated, and which will bring into the Treasury a corresponding increase of revenue.

It will be seen that the payments from the Treasury the present year, exceed the current available means by the sum of $5,123 75. This, with the amount of unaudited claims, supposed to amount to about $12,000, will make an aggregate deficit at the commencement of the financial year 1838 of $17,123 75.

---

[3] There was no legislation on this subject at this session. No change was made in the general tax law of the previous session that called for a tax levy for state purposes of 15 cents on each $100 valuation of taxable property. *Laws of Indiana,* 1836-37 (general), pp. 110-13.

There has been received from the United States on deposite, the sum of $860,254 44.[4] Of this amount, I have disbursed to the loaning agents of the several counties, the sum of $567,126 16—being the entire amount of the two first instalments, except the sum of six thousand three hundred seventy-six dollars and eighty cents, not called for by the counties, and which has been loaned agreeably to law. The third instalment, being $286,751 48 has been paid over to the Commissioners of the Sinking Fund, as was directed in the event of the non-establishment of additional branches of the State Bank. A statement and abstract of the condition of this fund, and the operations of the several loaning agents, will be made the subject of a separate communication.[5]

The operations of all the departments of the loan office, continue to manifest the admirable character of the laws which govern their action.

The prompt payment of interest on loans, and the refunding such loans as become due has been such the past year, that no necessity has existed for advertising for delinquency in any case.

A large majority of the loans are now at nine per cent. interest; at which rate, although regarded high, applications are made for loans far beyond the current accumulating amounts to be loaned.

The expenditures on account of the State House will amount the present year to about $2,500.

The main items of expense have been, continuation and completing the grade—shelving, carpeting, and furnishing the Library rooms—carpeting the committee rooms—painting the fence—repairing the roof, &c.

Among the payments under this head, have also been, for a considerable amount of the expenses attendant upon the last session of the General Assembly, left unprovided for in the specific appropriation bill, on account of a belief of the necessity of greater scrutiny in reference to the claims presented.

---

[4] This was the total amount of surplus revenue received by Indiana from the Federal government. See *Messages and Papers of Noah Noble,* 485n, 486-87n, 587-88n and note 38, pp. 15n-16n above.

[5] See the treasurer's report on the surplus revenue, December 18, 1837, printed below.

The roof of the State House, was greatly injured by a violent tornado which occurred in May last, which took off a portion of the zinc covering and otherwise injured the building, all of which has been repaired; but it is doubtful whether the building can be preserved, without an entire new roof; the present one having been from the first very deficient and imperfect.

A detailed statement of the various items of expenditure will be shortly laid before the Legislature.

All of which is respectfully submitted.

N. B. Palmer, Treasurer of State

NO. 2. STATEMENT A—COLLEGE FUND.

REPORT of the Operations of the College Fund, from the 1st December, 1836, to the 30th November, 1837.

RECEIPTS.

Cash on hand at last report	$ 963 36
Received from William Alexander, Commissioner of Reserved Township in Monroe county	1,577 92
Received from James Smith, Commissioner of Reserved Township in Gibson county	383 00
Loans refunded	8,815 62
Interest on loans	3,802 37
	15,542 27

CONTRA.

Amount of loans as per list accompanying	$10,243 50
State Seminary, including incidental expenses	4,650 19
Cash on hand	648 58
	15,542 27

STATEMENT B—SALINE FUND.

REPORT of the Operations of the Saline Fund, from the 1st December 1836, to 30th November, 1837.

RECEIPTS.

Received from Andrew Wilson, Commissioner of Saline Lands in Orange county	$1,754 17
Received from Henry Young, Commissioner of Saline Lands in Washington county	1,173 13
Received from Milton McPhetridge, Commissioner Saline Lands in Monroe county	435 95
Loans refunded	1,720 00
Interest on loans	1,599 30
	6,682 55

CONTRA.

Amount overloaned last year	$ 77 67
Amount of loans as per list accompanying	6,140 00
Saline Fund expenses	263 42
Cash on hand	201 46
	6,682 55

STATEMENT C—
CONGRESSIONAL TOWNSHIP FUND.

REPORT of the Operations of the Congressional Township Fund, from the 1st December 1836, to 30th November 1837.

Received from School Commissioner, Ripley county	$285 00
Interest on loan	99 00
	384 00

CONTRA.

Amount overloaned last year	$ 27 76
Amount paid School Commissioner of Ripley county	41 23

Incidental expenses	19 09
Cash on hand	295 92
	384 00

. . . .[6]

Contingent Expenses from 1*st December,* 1836, *to* 30*th November,* 1837.

Paid C. Gordon, commission and storage of arms	$ 12 00
Paid J. G. Clendenin, commission and storage of arms	10 37
Paid Henry Dooley, commission and storage of arms	23 00
Paid John Cain for postage	76 77
Paid John Myers for transportation and storage of arms	18 50
Paid Stacy & Williams Stationary for Secretary's office	15 75
Paid D. W. Noe, services as Assistant Door-keeper of Senate	13 50
Paid R. Schoonover, Transportation of Arms	7 75
Paid C. C. Palmer, for arranging archives of H. R.	4 00
Paid Frederick Folts, painting signs for State House	76 00
Paid J. M. Moore & Co. for Stationary	5 38
Paid C. & J. Cox, for repairs on Governor's House	12 56
Paid John Cain, for postage	116 76
Paid Wm. Sheets, his expenses in attending the transfer of the State Prison	32 00
Paid W. J. Brown, Stationary for Secretary's office	2 87
Paid Douglass & Noel for printing	31 84
Paid Black & Ball, Transportation of arms	16 75
Paid Landis & Morris, Stationary for Auditor's office	3 19
Paid S. C. Stevens, services in Saline Land Suit in Dearborn county	50 00
Paid Bery Percell, Transportation of Arms	35 82
Paid L. W. Johnson, transportation of Public Documents	7 20
Paid John Cain for Postage	111 20

---

[6] The list of borrowers from the college and saline funds is omitted.

Paid Wm. Tate, Transportation and Storage of Arms	27 22
Paid Underhill & Willets, for Gate Balls	2 04
Paid R. & V. C. Hanna, Stationary for Public Offices	14 87
Paid T. M. Smith, Stationary for Public Offices	5 00
Paid Samuel Wilson, Transportation of Arms	1 37
Paid Hazlett & Wilson, White Lead for Governor's Circle	34 43
Paid W. Y. Wylie, Stationary for Secretary's office	14 31
Paid Frederick Folts, Signs for Offices of Auditor and Secretary of State	6 00
Paid Seibert & Buehler, White Lead for Governor's Circle	11 25
Paid J. B. Mix, Services in Geological Survey	5 00
Paid John Cain, for Postage	121 64
Paid W. J. Brown, transportation of Books for State Library	15 75
Paid Jenison & Nourse, Binding Books for Auditor's office	7 75
Paid John Matthews, Transportation	10 75
Paid H. Porter & Co. for Stationary	6 93
Paid Douglas Maguire, Governors' private Secretary	50 00
	$1,017 52

. . . .[7]

---

[7] The amount paid by the treasurer for stationery, transportation, etc. is omitted.

President of State Bank: Annual Report[1]

[December 8, 1837]

To The General Assembly—

At their February session, the Directors of the State Bank gave their assent to the amendments, which the last Legislature proposed to the Charter, and recommended them to the immediate attention of the branches. Eight of the branches also gave their assent, but the other three have deferred doing so. The amendments, therefore, have not taken effect.[2]

The inexpediency of creating new branches, under the circumstances, that have since occurred, is so apparent, that few are disposed to object to the delay. But when the present difficulties are removed, when specie payments shall be resumed, confidence restored, and business return to its proper channels, that part of the state which has not yet obtained its share of bank facilities, may and should receive them. It was the unanimous expression of the Directors at their late meeting, that at the earliest period, circumstances shall justify, there ought to be three more branches organized in the northern portion of the state.[3]

---

[1] *Senate Journal,* 1837-38, pp. 59-64; *Documentary Journal,* 1837-38, No. [8]. Merrill sent another communication to the Senate on December 29 in reply to Senate resolutions asking for information on the establishment of additional branches of the State Bank and on the resumption of specie payments. See below. The proceedings of the meetings of the directors of the Bank are to be found in the papers of the State Bank in the Archives Division, Indiana State Library. Beginning in 1838 the proceedings were printed and are in the Indiana Division of the State Library.

[2] These amendments were embodied in an act approved February 6, 1837, regarding the distribution of the surplus revenue. Sec. 28 provided that approximately $280,000 of this was to be paid over as stock in branches of the State Bank. Sec. 30 made it the duty of the President and Directors to locate not less than three nor more than four additional branches at such time and place as they thought the public interest required.

[3] At a meeting of the directors in February, 1838, it was decided to locate Branch No. 12 at South Bend, No. 13 at Michigan City, and No. 14 at Logansport. The branches were not to be organized until after the resumption of specie payments. Printed Proceedings in Indiana State Library. The Logansport branch was never opened. See below, 115.

No act of the State Board has ever impressed them with a deeper sense of responsibility, than that, by which they advised the branches to suspend specie payments. They were in session on the 18th May last, when information reached them, that nearly all the banks in the United States had closed their vaults. The balances due this institution from other banks and their paper then on hand amounted to $1,102,858 56. This sum would have been totally unavailable, while specie payments were continued, and the bank must either have followed the example of others, or permitted the brokers and banks of other states, the first informed and most active in these matters, to drain it of its specie, leaving the claims of the citizens of the state and the large deposites of the General Government unpaid, until collections of the notes and bills discounted could be made in specie funds, and until other banks could be compelled to pay what the public appeared to sustain them in refusing. If the collection of the $5,311,804 97 then due the bank, for loans and for notes and balances on other banks, had all been pressed at once, much of it must have been sacrificed, many of our best citizens ruined, and the industry and enterprise of the state, must have been paralyzed for years. The stock subscribed by the state and individuals, might have been returned to them but little impaired, but this would have poorly compensated for needless injury to numbers of others. A sudden reduction of the circulating medium of the state from about four millions of dollars, to less than one-fourth that amount, must have occasioned the depreciation of the value of property in about the same proportion. The sixteen millions of dollars estimated to have been due, at that time by the citizens of the state to the Bank, to the different loan offices, to foreigners and to each other, would have been collected or *attempted to be,* in a medium made, four times more valuable than that, in which it was contracted.[4]

---

[4] Both the House and Senate judiciary committees took under consideration the bank's action in suspending specie payments. The House committee, with Samuel Judah as chairman, was willing to exempt the bank from forfeiture of its charter on condition that it would resume specie payments and not suspend them again for longer than sixty days in any one year. *House Journal,* 1837-38, pp. 173-76. The Senate com-

The course, which the State Board advised, not without hesitation and reluctance, and which was adopted by the branches, has since the suspension, paid off $761,920 13, of the debt to the Government $288,085, of the notes in circulation, and $106,994 69, of the individual deposites, while the amount of specie has decreased only $58,162 87, all of which has been applied to paying off the debt to the U. States, and to supply change. Few new debts have been contracted, the old debts have diminished more than a fourth in amount; the paper of the bank is generally taken at par; in reducing its discounts only one doubtfull debt of $400, has been discovered, but one person, and he not now a resident of the state, has sued on its paper, and no doubt can exist in the mind of any intelligent citizen, but that specie payments can and will be resumed, whenever *well-advised* public opinion shall demand it.

To this desirable result, the efforts of all the solvent banks in the United States, are believed to be earnestly directed. They are diminishing their discounts and circulation as rapidly as the public good will permit, and in general, much more so than has been here attempted. They have sent delegates to a Convention, assembled to determine upon concert of action, and fix the time for resuming specie payments. This bank has a Representative there, instructed to vote for the earliest day that may be proposed.[5]

---

mittee divided, with Andrew Kennedy, a Democrat, submitting the majority report censuring the bank directors and Richard W. Thompson, a Whig, presenting the minority report defending the directors. *Senate Journal,* 1837-38, pp. 529-49. A resolution was introduced and passed requiring the bank to resume specie payments thirty days after a general resumption in other states. *Laws of Indiana,* 1837-38 (local), 442-43. A special committee of the House, appointed to examine into the conduct of the bank and its branches, made a lengthy report based on the answers to thirty-eight interrogations sent to the various branches. It is printed in *House Journal,* 1837-38, pp. 390-510.

[5] Isaac Coe, one of the Fund Commissioners, was Indiana's representative at the convention which was held in New York. He reported on the proceedings in three letters to J. M. Ray, cashier of the State Bank, and one to the president and directors. They are printed, together with Merrill's comments, in *House Journal,* 1837-38, pp. 190-93, 815-26. Specie payments were not resumed until August 13, 1838.

But in hastening the return of a sound currency, the State Board have not felt at liberty to neglect other important interests. At their late session they authorized an increase of discounts until the first of June next, by which the branches may extend them about $800,000, for the express and sole purpose of aiding the exporters of produce. A previous gradual reduction had put it in the power of several of the branches to afford some facilities for making shipments, and all of them will now enlarge their discounts for a time, to be reduced again by the avails of the produce exported.

The interests of the public and the bank in this particular, are so important, that the operations of future years must be much like those of the present season. As much more capital is required from November to May than during the rest of the year, the bank must, of necessity, reduce its discounts largely, in summer, to be prepared to increase them again, when they can be used with most advantage to community. It would appear therefore, that the reduction, which the bank for its own security was forced to make, when specie payments were suspended, has been required not less by good policy to enable it to prepare for the present enlargement. It will willingly, if necessary, make sacrifices in other quarters, to sustain itself while thus aiding the business of the country.

Though the bank, at its establishment, was by many considered a doubtful experiment, and the subscription of the stock in most of the branches obtained with difficulty, yet its business has hitherto been successful almost beyond precedent. For this the Directors of the branches are entitled to much of the credit. They have made no bad loans; they have profitted by exchanges of paper from every part of the Union, by the collection of foreign debts, the United States deposites, and the expenditures on the public works, and the circulation of the paper has had no limits but those fixed by the charter. The following abstract of the annexed table shows the condition of the Bank on the 18th Nov. 1837, so far as regards claims against it, viz:

Resources.	
Bills discounted..	$2,944,765 78
Bills of exchange	406,207 51
Banking houses ..	95,569 98
Furniture	5,427 96
Due from other B'ks	460,520 51
Due from F'd Com'rs	307,181 49
Remittances, &c.	39,316 08
Branch balances..	31,458 87
Notes of other Banks	140,084
Specie	1,128,031 56
	$5,558,563 74

Liabilities.	
Notes in circulation	$2,226,695 00
Treasury U. S. ..	576,277 75
Due other banks	101,179 19
Sinking Fund	15,060 29
Unclaimed dividends	4,598 63
School Fund	4,200
Pension Fund	5,817 75
Deposites	336,144 45
	$3,269,973 06

Leaving a balance of $2,288,590 68—which will pay $90,050, the Nov. dividend—$2,200 the tax for the School Fund—$1,867,906 25, the amount paid for stock—$20,283 75, the interest on public deposites, and leave a surplus if there be no losses, of $308,150 68, to be divided as profits hereafter.

The stock of the State in the Bank has been paid over as follows:

In Nov. 1834	$500,000	
In Nov. 1835	200,000	
In Nov. 1836	165,000	
In Nov. 1837	15,000	$880,000

On $865,000 of this sum, the state derived a clear profit the last year of $29,250, over the interest of the loan by which that stock was paid. The May dividend would have been larger but for the uncertain prospects when specie payments were suspended. The surplus fund now on hand will enable the branches to extend their discounts farther than they could otherwise do, and will secure dividends even when considerable losses occur.

It cannot reasonably be expected that the profits of the Bank for some years to come, will equal those that have hitherto been realized. The circulation and discounts must be less in proportion to the capital than heretofore, seasons of depression will not fail to come, for banks can no more expect perfect uniformity and regularity in their business, than farmers can hope never to suffer from drought or dearth, frost or inundation. But no state of things is likely to occur, in which a clear profit of five per cent. a year, after paying the interest of the loan in New York, may not be made to the state on its stock in the Bank. At this rate the profit in future will be $44,000 a year, which if loaned out at eight per cent. clear of expenses, will, in less than thirteen years with proper management, pay back the loan by which the stock was purchased.

The third instalment in the Fort Wayne Branch has been charged to the Sinking Fund, no loan having yet been made by the state to meet the payment. An increase of Individual stock has been made at the Lafayette Branch of $20,000. Several other Branches had also contemplated the increase of their capital, but finding that their stock was not in demand they have postponed it for the present.

The charter now authorizes the capital of the Bank to be enlarged as occasion shall require, to $3,000,000, and it will, no doubt, be raised to this amount within a short time after the present difficulties are removed.

The success of the Bank hitherto, arising from the prosperous state of affairs generally, and not always requiring effort on the part of its officers, may have had a tendency to permit its loans to be used too often as permanent capital, and not in doing the business of the country. This application of bank means is highly objectionable on many accounts. Loans will be made, not as independent transactions, but as matters of favor. Banks will be created, not to *lend* but to *borrow* money, and not in reference to the amount of business, but the *number* and *clamor* of borrowers. The stockholders will be more interested in the *loans* than the *dividends,* in distributing the capital than in securing the profits.

Money loaned for business, will find limits in the extent of that business. Employers, manufacturers, and exporters, who borrow and expect to pay, when the transaction for which the loan was made is completed, will seldom ask for more than they can use with advantage to themselves and community. If the country be prosperous, and public credit and confidence be general, the business of the bank and country will expand to suit each other, while under circumstances like the present, the sphere of action for both will be kept within narrow bounds.

But there are no other limits, besides those of avarice and ambition, to the desires of borrowers of capital for permanent use. When times are good they will not pay, and they *cannot* when they are otherwise. As directors and stockholders there can be little security for their safe management, or that they will obtain public favor by effecting public good.

Such is not the condition of a large majority of the Branches. Those who choose, can at any time buy stock in the most of them. In general the stockholders and directors are not improperly favored. The loans made for business transactions are felt as a benefit to the whole community, and the institution is considered an honor and credit to the character of the State.

To insure a uniform and correct course, by the branches, of applying the loans to the business of the country, the State Board is taking decisive steps, and discounts will be limited in proportion where suitable payments upon them do not provide funds to keep up an active and healthy circulation of the paper.

Much of the business of banks is necessarily of a character, which the Directors will neither have leisure nor disposition to explain to every curious inquirer. It is not in their power to accommodate, many, who come with fair claims and good security; and they are often beset by others who are clamorous just in proportion to their want of merit. That many should be dissatisfied with their decisions, and having only partial views of their motives should mistake them, is, perhaps, unavoidable. For the allowances usually made to the imperfections of their nature, those who manage banks may lay claim. But they neither ask nor expect any thing further. They constitute a portion of a community that is regulated by public opinion, and to that they will submit without a murmur.[6]

The semi-annual examinations of the branches required by the charter have been regularly made. Wherever improper proceedings have occurred, they have been disapproved by the parent Board. But in general, much has been found to approve and little to condemn.

The Bank, as yet, has commenced but few suits, and it is understood that no sales on executions have ever been made on its account.

For months past, there have been loud complaints of *pressure, scarcity of money,* and the *difficulties of the times.* Many of the products of the country have fallen considerably in value, while the prices of some articles are still high in proportion to others. But these matters soon regulate themselves, though when a change is unavoidable, if it be made early and amicably there need be no interruption in the progress of business, especially in a country like this. Those who accommodate themselves to the *times* will not find them so *bad* but they can make *good* out of them. The labor and rents of a country should be paid according to the prices of its produce. If the former be too high, employment cannot be furnished, if too low, labor will not be supplied. When these bear a due proportion to each other, the farmer is encouraged to enterprize, and the laborer stimulated to exertion.

There would then appear to be no cause of serious alarm, in the present state of things. Every prudent man has foreseen its approach, and while the future was uncertain, his fears may have predominated. But now the worst is known, and there is no cause for despair, unless rashness and folly create new and unnecessary difficulties.

---

[6] In a letter to his brother on January 5, 1838, Merrill made this comment regarding his relations with the legislature: "My situation has been rather worse this winter so far, than it was some years ago when Gov Ray and his party gave me a good deal of trouble. Every body must have all about the Bank explained, and its charter must be amended if possible so that it can neither do good or harm hereafter. How it will result I cannot say. I am obliged to oppose plans, which in the opinion of the prosperous are as wise as Solomon if alive would have suggested. It is not unlikely that as my time is out next winter, the falsehoods and the follies that are in circulation may prevent my reelection. It will certainly be no object to keep the office if it be attended with as much trouble as it has been the year past." Samuel Merrill Papers, Indiana Historical Society Library.

The progress of the State in wealth and improvement need not be long retarded. Those now in the *lead* may falter, but others will soon take their place. No failures of consequence have occurred among the business men. The suits for debt in the courts are not more numerous than usual. Sheriff's sales seldom occur. All the produce of the country is demanded for consumption. Visionary schemes are understood and duly appreciated. Emigration to the State is increasing. Canals and rail roads will soon be completed. Confidence will be restored, and exchanges be again at fair rates, and if produce do not command high prices, its cost of transportation will be less, and the wants of the citizens will be supplied from abroad at reduced rates.

. . . .

Respectfully submitted on behalf of the Board.

S. MERRILL, Pres't.

Wallace to the Senate: Nominations for Supreme Court[1]

EXECUTIVE DEPARTMENT, Dec. 11th, 1837.

GENTLEMEN OF THE SENATE:

Permit me to nominate to you as Judges of the Supreme Court, for the next constitutional term, Isaac Blackford, Charles Dewey, and Jeremiah Sullivan, Esqrs. and to ask your advice and consent to their appointment.[2] This term commences the 29th of January, 1838.

DAVID WALLACE

---

[1] *Senate Journal,* 1837-38, p. 106.

[2] Stephen C. Stevens, John T. McKinney, and Isaac Blackford had been appointed judges of the Supreme Court in January, 1831, for seven-year terms. Stevens resigned February 15, 1836, and was succeeded by Charles Dewey; McKinney died March 4, 1837, and Jeremiah Sullivan was appointed to fill that vacancy until the meeting of the legislature. *Messages and Papers of Noah Noble,* 456-57, 540. The time was now

Fund Commissioners: Annual Report[1]

OFFICE OF THE BOARD OF FUND COMMISSIONERS,
INDIANAPOLIS, 11th Dec. 1837

TO THE GENERAL ASSEMBLY OF INDIANA:

The Board of Fund Commissioners in compliance with the duty imposed upon them by law, now present to the General Assembly a report of the loans negotiated since its last annual session, in pursuance of the requisition of the Board of Internal Improvement.

On the 20th June last they negotiated a loan with Messrs. Christmass, Livingston, Prime & Coster of the city of New York for $30,000—and between that time and the 1st October, they negotiated loans of the Morris Canal and Banking Co. of Jersey City, to the amount of $2,000,000; for which they contracted to deliver transferrable certificates of stock bearing five per cent. interest, dated July 1st, 1837, and payable in twenty-five years, at the office of the Morris Canal and Banking Co., at Jersey City, or at their agency in the city of New York; the whole of which were delivered, except $500,000, which were not taken on the 4th instant.

Of the stock thus sold, $430,000 were sold at par—$400,000 at 2 per cent. premium—200,000 at 3 per cent. premium—1,000,000 at 2 per cent. premium, and one half the profit which may be made by the purchaser upon a re-sale, the aggregate premium upon which is	$ 34,000
Making the whole amount receivable upon the stock sold	2,064,000

at hand for the selection of judges for a new seven-year term. Wallace chose to continue the incumbents. The choice of Blackford and Dewey received the unanimous consent of the Senate; the vote for Sullivan was twenty-five in favor, twenty opposed. *Senate Journal,* 1837-38, pp. 106, 117. This accord between Governor Wallace and the Senate over the appointment of Supreme Court judges is in marked contrast to the conflict that was present in 1831 and was to arise again in 1845 when the appointment of judges was made.

---

[1] *Senate Journal,* 1837-38, pp. 122-25, and *Documentary Journal,* 1837-38, No. [30].

The premium on the whole, and the amount sold to Messrs. Christmass, Livingston, Prime & Coster, was paid for at the time of making the contracts, amounting to	64,000
And the residue was made payable as follows, viz:	
Oct. 1837	230,000
1st November 1837	350,000
1st December, 1837	120,000
On 1st Jan., February and March, 1838, each $100,000	300,000
On 1st April, May, June, July, August and September, 1838, each $150,000	900,000
On 1st October, 1837 [1838]	100,000
	$2,064,000

The whole amount drawing interest at the rate of 5 per cent. per annum, from the date of the bonds drawn by the State.

$380,000 of the above stock were sold on account of the Wabash & Erie Canal fund, and the residue upon account of the Internal Improvement Fund. The sums heretofore due have been promptly paid as the expenditures upon the public works required, and the balance will be drawn for according to the terms of the contracts.

In consequence of the general suspension of specie payment by the Banks during the last spring, and the consequent depreciation of paper, it became necessary for the Board on the 1st July last, to purchase specie for the payment of interest due upon that day upon the State bonds previously sold, for which they paid a premium of from 10 to 11 per cent. A refusal to have paid the interest in specie would have endangered greatly the credit of the State (hitherto so fair) and in all probability have prevented the success of any negotiation for loans during the present season. It cannot, however, be reasonably presumed that the necessity of paying a premium for specie will long continue to exist, as we have reason to hope that a resumption of specie payment by the banks will, in a short time, become general.

Of the sum of $500,000 which was due from the Messers. Cohens of Baltimore, for State bonds sold them in 1836, there now remains a balance in their hands, which including interest amounted on the 1st May last to $298,000, and which at this time is not available. At the time the bonds were sold to the Messers. Cohens, they were engaged in an extensive banking business, possessed a very fair credit, and were regarded as safe as any banking institution in the eastern cities. They also gave the Messrs. Josephs, of the city of New York as security for the payment of the money due the State, who were also considered entirely responsible for the amount of bonds sold. The drafts drawn upon them by the Board were promptly paid, until, sometime during last spring, when they suspended business, and refused further payments—the consequence resulting from the extensive pressure and general commercial embarrassment of the country, together with the previous failure of their securities.

Upon the receipt of the intelligence of the failure of the securities and the consequent embarrassment of the Messrs. Cohens, one of the members of the Board proceeded to Baltimore for the purpose of making arrangements to secure the amount due the State, and succeeded in securing assignments of the bonds of the Winchester & Potomac Rail Road Co. for $44,000, payable 1st of May next, and bearing 6 per cent. interest; also stocks of the Baltimore & Ohio Rail Road Co., and of the Baltimore & Susquehanna Rail Road Co. on which had been paid the sum of $78,880, and also an assignment of the interest of the Messrs. Cohens, in an attachment upon which the sum of $25,000 will probably be realized. He also received a deed for three hundred and eighty-four lots on the Hudson river in the city of New York, upon which there is a mortgage for $65,000, payable some time in the year 1839, the lots are generally estimated to be of a value greatly exceeding the amount of the mortgage, but the Board is not able to say what amount could be realized from them. The Stocks and property were transferred as collateral security to the State.

The Board during the last summer commenced a suit against the Messrs. Josephs, in the city of New York, which is still pending. During the month of September, after suit was commenced against them, they executed to one of the Board, in trust for the State, a deed for forty-eight lots in Brooklin, opposite the city of New York, and one hundred and eighty-two lots in the city of New York, which are estimated to be worth about $150,000, but which are subject to a mortgage of about $47,000. They have also assigned a mortgage upon property in Poughkeepsie for $30,000, but this property having been before sold under a mortgage previously executed, will require about $11,000 for its redemption. These deeds have been placed in the hands of a third person as escrows, to be returned if the Messrs. Josephs are not, within ninety days, released from their liability upon their bond to the State as security for the Messrs. Cohens. The Messrs. Cohens have also proposed to secure the further sum of $65,000 if a release is executed to them.

The Board not considering themselves invested with power by law to compromise any claim of the State, or to execute a release to any of its debtors without full payment in money, have refused to close any arrangement with either the Messrs. Cohens or Josephs, which shall release them from their liability to the State. They now present the subject to the General Assembly and would respectfully suggest the propriety of passing a law authorizing the board to compromise with the Messrs. Cohens & Josephs, and to execute a release to them upon the best terms they may be able to obtain; and to secure as far as practicable the interest of the State. Should this course be deemed advisable by the Legislature, it will be necessary, also, to give the Board power to pay off any incumbrances, taxes, or other claims due upon any property which may be transferred; and also to rent or sell the same as they may deem advisable, and to pay any installments which may be requisite upon stocks assigned. The Board confidently entertain the opinion that should the arrangement proposed be acceded to, it will ultimately secure the State against any loss. An early action upon this subject would be desirable, as the time within which the Board have the option of concluding the arrangement will shortly expire.[2]

---

[2] An act was passed and approved on January 14, 1838, giving the

Deeply impressed with the importance of providing means to pay the interest accruing upon the State bonds without resorting to taxation to such an extent as may give room for complaint, the Board would respectfully recommend the creation of a sinking fund to aid in the payment of the interest and the gradual redemption of the principal. For the purpose of effecting this object, the premiums which have been received upon the state bonds heretofore sold, and those which may be hereafter received upon subsequent sales, together with such funds as the legislature may think proper to apply for that purpose may be placed in the hands of the Sinking Fund Commissioners already appointed, to be by them loaned out at a rate of interest to be prescribed by law, and the accumulating interest to be again loaned until the fund shall reach an amount to be designated by the Legislature.[3]

During the present year, the Board have issued bonds of the State to the Lawrenceburgh & Indianapolis Rail Road Company to the amount of $121,000, which makes the whole amount issued to the company $221,000. The law authorizing the issuing of the State bonds to the Company, requires the payment of the interest accruing upon them, by the Company, at some one of the Branches of the State Bank of Indiana. The interest of the bonds is payable at New York, and should the company pay the amount at either of the Banks in this State, the state must incur a loss on the exchange necessary to procure eastern funds. They would therefore suggest the propriety of requiring the Company to furnish at New York such funds as will be necessary to pay the interest.

The law above referred to gives the Board no authority to pay the interest accruing upon the bonds in the event of the Company failing to make the payments, and as it is necessary for the credit

---

Fund Commissioners the authority requested. *Revised Laws of Indiana,* 1837, p. 356.

[3] A resolution was offered in the House, instructing the committee on canals and internal improvements to inquire into the expediency of creating a sinking fund as suggested here. Provision for such a fund may have been included in one of the several bills introduced by that committee, but their contents are not set out. It was not included in any legislation that was enacted. *House Journal,* 1837-38, p. 77.

of the State that the interest should be punctually paid; this power should be given them.

An account of disbursement of money during the present year, together with a detail of the situation and state of the fund, is necessarily deferred to a future report after settlement with the Board of Internal Improvement.[4]

Respectfully submitted,

SAM'L HANNA, } Fund
CALEB B. SMITH } Com'rs

Fund Commissioners: Reply to House Resolution[1]

OFFICE OF BOARD OF FUND COMMISSIONERS
INDIANAPOLIS, Dec. 14th, 1837.

HON. THOS. J. EVANS, Speaker of the House of Representatives.

The Board of Fund Commissioners in compliance with a resolution of the House of Representatives adopted on the 11th inst. present the following Statement: The State Debt created for purposes of Internal Improvement as follows, viz:

For Wabash and Erie Canal	1,327,000
Internal Improvement under the act approved Jan. 27, 1836	2,500,000
Making in all	$3,827,000

Of the above amount $100,000 loaned for the prosecution of the Wabash and Erie Canal, was contracted for at the rate of 6 per cent. interest and the residue at the rate of 5 per cent.

The funds which have been received in payment for state bonds sold have been to a small amount, the notes of some of the banks

[4] Another report of the Fund Commissioners, giving financial statistics, was submitted to the General Assembly on February 6, 1838. It is printed in the *Senate Journal*, 1837-38, pp. 642-47, and in *Documentary Journal*, 1837-38, No. [16]. See also the statement of the Fund Commissioners, presented to the House of Representatives, below.

---

[1] *Documentary Journal*, 1837-38, No. [13].

of the city of New York, and the residue has been paid upon drafts of the Fund Commissioners in favor of the Banks of this State.

The Board in the contracts which were made during the present year for the sale of the state bonds, made no stipulation as to the kind of funds to be received, leaving themselves at liberty to demand such funds as could be used in the prosecution of the Public Works without loss or sacrifice to the state. The payments which have been already made, were made to the several banks of this State, in such funds, as were acceptable to them.

All the Internal Improvement funds of the state, which have not been drawn by the Board, are deposited with the Messrs. Cohens of Baltimore, and with the Morris Canal and Banking Co., at their agency in the city of New York.

The interest heretofore paid upon the state bonds, has been paid out of the Wabash and Erie Canal fund and the Internal Improvement fund which funds consist of the amount received upon the sale of the state bonds, the amount received upon the sale of canal bonds [lands], the interest upon the money on deposite, interest on canal funds and the premium received upon the sale of drafts upon the fund in New York, no specific fund having been designated by law out of which the interest should be paid.

The amount of premium which has been received upon bonds sold, and interest received upon canal funds, and upon funds deposited in eastern banks exceeds the amount of interest which has been paid upon the state bonds, as the following statement will show. There has been

received as premiums upon the bonds sold and upon drafts	76,703 37
Interest upon canal lands	53,329 57
Interest upon monies deposited in banks in eastern cities	56,473 35
	$186,506 29
And there has been paid out for interest upon State bonds	$155,877 32

The Board has never paid any premium to procure funds to pay the interest upon the state bonds until the present year, when in consequence of the suspension of specie payment by the banks, it became necessary to pay a premium for specie; the premium paid was 10½ per cent. and the aggregate amount was $3,649 43.

For the last two years no money has been drawn for the construction of the several public works, except through the medium of the branches of the State Bank, which contracted to disburse the money at any point upon the line of the public works designated by the several acting Commissioners, and were paid drafts of the Fund Commissioners on the funds deposited at the East.

At the last annual meeting of the Board at this place, they made an arrangement with such of the branches as would agree to disburse upon the public works, to pay them by drafts payable thirty days from the end of each month in which the money was paid out.

By this arrangement (which was at that time the best that could be made), the funds of the state were left on deposite at interest from 30 to 60 days after the contractors were paid, by which ½ to 1 per cent. was saved to the fund, and the profits on the drafts given to the banks as an equivalent for the time they lost the use of the money, the risk and expense of sending it upon the line of the public works and paying the contractors.

The arrangement made with the Banks does not continue longer than the present year, and it is not designed by the Board to continue it longer upon the same terms, as bills on New York since the last annual meeting of the Board, have, in consequence of the suspension of specie payments, increased in value from 1 to 3 per cent.

The money paid out by the Banks in this State, as far as the Board has ascertained, has been the current funds of the country, and such as the Banks paying the same, received at the time on deposite. A large portion of it was the paper of the banks of this state, but in some instances where there were heavy payments to be made, some of the banks were compelled to pay out the paper of other banks, not having a sufficient amount of their own paper to meet the demand at the time.

It would be difficult for the Board to state the difference between the value of the funds paid out by the banks upon the public works and specie, as their relative value is very much varied by circumstances. Previous to the suspension of specie payment by the banks the value of each was the same, and since the suspension, the paper of the banks has answered all the purposes of the operator upon the public works as well as the specie, although when specie has been desired for the purpose of purchasing public lands, it has been sold at a premium of from 5 to 10 per cent.

SAM'L. HANNA,
CALEB B. SMITH,
Fund Commissioners.

State Board of Internal Improvement: Annual Report[1]

OFFICE OF STATE BOARD INTERNAL IMPROVEMENT,
INDIANAPOLIS, Dec. 15, 1837.

HON. DAVID HILLIS, President of the Senate:

SIR—Herewith is transmitted the second annual Report of the State Board of Internal Improvement to the General Assembly.

Very respectfully,

D. H. MAXWELL, Pres't of the Board

[Enclosure]

TO THE GENERAL ASSEMBLY OF INDIANA:

Since the annual report of this Board, made to the General Assembly in December last,[2] but few original orders have been made to put any additional portions of the public works under contract. The high price of labor, and the unpromising appearance of the reduction of it for the current year, admonished the Board to abstain from any extension as much as possible, and they yielded to this caution, under a belief that the system and the public interest, would sustain no injury from the temporary delay. If by the ensuing spring, proper efforts shall be made to introduce labor into the State, and prices should settle down upon a salutary basis, the public works can then be greatly extended, and their prosecution pushed with alacrity and expedition. At the late and present prices for labor, the domestic supply might be deemed sufficient for that object even now, but beside the objection, that they are exorbitant, and far above what other States have given for similar services, there is another which in the opinion of the Board is entitled to as much weight, predicated upon the present condition and prospective resources of the State.[3] It will be admitted that there is no surplus labor in the State, but that her policy demands an increase of it for agricultural purposes, as a vast extent of her fertile territory remains unoccupied, the improvement and cultivation of which would greatly increase the general prosperity, and multiply in the same proportion her own resources.

---

[1] *Senate Journal,* 1837-38, pp. 180-91; *Documentary Journal,* 1837-38, No. [16].

[2] The first annual report of the internal improvement board is in *Senate Journal,* 1836-37, pp. 131-43; the engineer's report for 1836 is in *ibid.,* 144-77.

By affording an undue stimulus to labor on the public works, we throw out an allurement to our citizens, who are in one way or another identified with the agricultural interest, to abandon it; the hope of greater gain successfully invites them from the pursuit to which they have been raised, and for which they are well qualified by habits and experience, to adopt one for which they are comparatively unqualified. Individually they are not permanently benefitted by the exchange, and to the State, in her prosperity, wealth, and financial means, it works a vital injury.

The great benefit accruing to the farmer, from a system of Internal Improvements, is in the enhanced value of his land, and in good prices and a steady market; and whilst extending his improvements and adding to his possessions, he should not be led astray by anticipations of high wages, or splendid contracts in

[3] The engineer's report for 1837 states there was a labor force of 4,666 employed on the various lines of improvement, 2,435 of whom were estimated to be Europeans. *Senate Journal,* 1837-38, p. 249.

the public service, but the effort should at least be made, to keep labor there as nearly as possible down to the wonted level in other employments. Should this be consummated, the complaints of the last season in some parts of the State, will not be repeated, that the ordinary farming operations of the country, could not be kept up, in consequence of the competition for labor on the public works. These are some of the considerations which had a controlling influence upon the Board, and they were carried out to a considerable extent, by their declining to put a large proportion of the work under contract, authorized by the original orders of the Board at their first meeting. By making these remarks the Board must not be suspected of being in favor of a policy which has not heretofore characterized their proceedings; the idea is emphatically repudiated.[4] On the contrary, it is their determination, unless prevented by the action of the General Assembly to extend operations as fast as a force properly applicable to them can be acquired, which can be ascertained and regulated by a judicious limit in the estimates of the Engineers to be hereafter made, preparatory to the lettings. The Board have undiminished confidence in the report made by them at the last session of the General Assembly, upon the resources, and ability of the State to meet the engagements of the system; and although since that time the elements in the calculation have somewhat varied, the falling off in any one instance is more than counterbalanced by a gain in some other. They do, now as then, look to the prosecution of the works where commenced, and a further extension of them along the respective lines. The system sprang from the reciprocal confidence, harmonious understanding and co-operation of the different sections of the state; all have started in the practical consummation of the splendid enterprize; the march of all should be onward, and be the event what it may, the struggle should be one and undivided in a common cause.

The Board have the satisfaction to inform the General Assembly, that the progress of the works under contract, has been active and efficient, and equals the expectation entertained in relation to them at the commencement of the season. The division of the Wabash and Erie Canal, which lies between Fort Wayne and the Ohio line, is under construction, and the work will be kept up with unremitting exertion, with a view to its speedy completion, by which time it is expected that the part of the said canal, within the boundary of Ohio will also be completed; the whole of which from the State line to Maumee Bay, is now under contract. The Board are constrained to say, that they cannot speak in terms of commendation of the course pursued by the public authorities of the State of Ohio, in all respects, relative to this portion of the Wabash and Erie Canal. Owing to the extensive commerce which will be carried on between Fort Wayne and the point at which the canal will disembogue into the Maumee, this portion of it being the recipient of trade for the Wabash and Erie canal, the Central canal, the Erie and Michigan canal, and the Miami or Dayton canal, this Board ordered the division from Fort Wayne to the Ohio line, to be constructed sixty feet wide and six feet deep, not doubting that Ohio would unite in a similar construction from the line to Toledo. This has not been done except from the point of junction of the Dayton with the Wabash and Erie canal, which is about sixteen miles from the State line, leaving the intermediate portion to be constructed the ordinary width only. It will be perceived that by this arrangement of Ohio, she will fully accommodate the navigation upon the Dayton canal, whilst a similar benefit is invidiously denied to Indiana, a hardship much magnified by the consideration, that the canal lands transferred by Indiana to Ohio, she was not compelled to dispose of until recently, when they commanded high prices, whilst the former, to comply with the compact on her part, has had to sell continuously from an early day, however unpropitious the market. It is anticipated, that when this subject is brought to the notice of the Legislature of Ohio, by the General Assembly of this State, she will not hesitate to satisfy our just expectations.[5]

---

[4] Recalling that the principal issue in the recent gubernatorial contest was the classification of the public works, the board apparently wanted to make it clear that their failure to get the work going on all lines did not mean they were in favor of classification.

---

[5] A memorial and joint resolution were adopted by the legislature requesting the state of Ohio to extend the canal width to sixty feet on all that portion between the Indiana-Ohio line and Lake Erie. *Laws of Indiana,* 1836-37 (local), 443-44.

From Fort Wayne to Logansport the canal may be considered as completed, and in the spring will be navigable the entire route; and from the latter place to Lafayette it will doubtless be in all respects finished contemporaneously with the division East of Fort Wayne. Whilst on this branch of the system, the Board will remark, that they regret to learn, that some intimations have been publicly given, by ill-advised individuals, that the Wabash and Erie canal will be stopped at Lafayette. They conceive it due to themselves, and more especially to the country South and North of that point, to disclaim having in the remotest degree, given encouragement to such an opinion. So far from it, that they are well satisfied that the object in view at the time, when the construction of that canal was originally determined on, can never be effected except by the entire extension of it as now established and expressly directed by law. In connection with this great work, has arisen an important question of intense interest to this State, the settlement of which in accordance with the views of the Board, and of which they can have but little doubt, will add a vivifying influence to the general system, and may lead to such an extension of it, as will afford that most general accommodation, so much desired.

The act of Congress appropriating lands for the use of the State, to aid her in the construction of the Wabash and Erie canal, is predicated upon the understanding, so expressed, that the canal shall extend from the navigable waters of the Maumee of the Lake, to those of the Wabash. The object of both parties was, as it appears to have been, to effect a good, permanent navigation from Lake Erie through the Maumee and Wabash rivers to the Mississippi, to be enjoyed by the General Government free of toll or other charge, in consideration of the grant made by her. In the first place, the mouth of Tippecanoe river was supposed to be the proper terminating point upon the Wabash, but subsequently it was deemed expedient, indeed necessary to the consummation of the object of the parties, to continue the Wabash and Erie canal to Terre-Haute, at which point it now terminates and disembogues into the river. On that part of the canal within the borders of Ohio, the terminating point on the Maumee was at first established at the Rapids, the Engineer reporting at the same time, that it was unnecessary under the provisions of the act of Congress, or to protect the public interest, to extend it further down said river. But subsequently, and after a lapse of eight years, under the authority of the Board of public works of that state, the canal was extended from that point to the Maumee Bay, a distance of fifteen miles, and an extension of the *grant* claimed for the State in proportion to the extension of the canal, in virtue of the same act of Congress. The claim was submitted to the Commissioner of the General Land Office at Washington, examined, duly considered and allowed by him. In behalf of the State of Indiana, this Board has preferred her claim for a quantity of land in proportion to her extension of the same canal upon the Wabash, and as the cases are so strikingly analogous, they cannot permit themselves to believe that the Commissioner of the General Land Office will reject it.[6] To do so would be a species of favoritism subversive of principle, an unprecedented departure from good faith, and the existing hesitancy on the part of the Commissioner of the General Land Office can only be accounted for by the importance and comparative magnitude of the claim. . . .

On the Erie and Michigan Canal, the Board in December last, ordered a portion of the work to be put under contract; but at their sitting in September following, countermanded that order, in consideration of the necessity of increased vigorous operations on the Wabash and Erie canal. The Board regret that the expectations raised by them in that section of the country, have not been realized, but trust that it will be seen that they were constrained by an imperious duty to postpone the work. The faith of the State being absolutely pledged for the construction of that Canal, the Board then thought that no injury could accrue to that important interest by a short delay of operations, until the force engaged on the contiguous work, could in part be spared and transferred to it; but they now consider it probable, that the order will be revived, at an earlier day, than was then anticipated.

---

[6] A joint resolution was passed requesting Indiana's representatives in Congress and instructing her senators to visit the proper departments in Washington and urge Indiana's claims to additional land for the extension of the canal to Terre Haute. *Laws of Indiana,* 1837-38 (local), 451. The letter of the Board of Internal Improvement to the General Land Office is printed in the *Senate Journal,* 1837-38, pp. 193-96. For the reaction of the Land Office to the request, see James Whitcomb to Governor Wallace, July 26, 1838, below.

On the Cross-Cut canal, twenty-six sections have been under construction, including the feeder dam on Eel river, and one Lock. On the southern division of the Central canal, thirty-nine sections have been under construction, including the feeder dam on Big Pigeon and two locks. On the Indianapolis division, fifty sections have been under construction, including the feeder dam on White river above Indianapolis, and eleven locks. On the White Water canal, sixty-one sections have been under construction, three feeder dams and 18 locks, and upon these divisions generally a large proportion of the work has been done. . . . The Board authorised in all 180 miles of canal to be put under contract, but 128 miles only have been let, owing to the cause heretofore mentioned; and the sections retained being in some instances the light work on their respective division.

On the roads also, with one exception, considerable progress has been made. On the Madison and Lafayette rail road, of the twenty-three miles put under contract, extending from Madison to the Greensburgh road near Vernon, fifteen have been finished, and are in a state of preparation to receive the superstructure; and by the first of September next the balance will be in the same forwardness. The Acting Commissioner on this line, has made an arrangement with a mercantile house in New York, for the importation of rail road iron, for the use of the state, as it may be wanted; and by May next, he expects to receive the supply that will be needed by him the ensuing season. It is doubtless known to the Legislature, that the domestic article is seldom, if ever, used for this purpose, as the cost of the material simply, would exceed that of iron imported, which comes free of duty, manufactured in proper shape, and prepared for immediate use. The cost per ton when delivered at Madison will probably not exceed eighty dollars.[7]

---

[7] The iron rails used on the portion of the railroad built by the state were purchased in Wales and shipped by way of the Mississippi

On the New Albany and Vincennes McAdamized road, the grading, culverts and bridges are nearly completed, from New Albany to Paoli, a distance of 41 miles; and early in the next season the application of metal will be commenced. On the Jeffersonville and Crawfordsville road, the work has been put under contract from Jeffersonville to New Albany, and the grubbing of about 4 miles which is alike applicable to a rail or McAdamized road in the interior, between the Cumberland road and Greencastle. This road has been the source of some trouble to the Board, but in accepting the trust tendered to them, they did not expect to be exempt from it. The path of official duty is ever beset with difficulties, and he who travels it must meet them; but if he moves on with honest purpose and as circumstances will permit, fears would be gratuitous, if not despicable. Impressed with this truth, and disclaiming the intention to cast censure any where, although the principle of self-defence might seem to justify it, the Board approach the subject of this road with confidence, and respectfully submit the following statement of their progressive action upon it. The act of the General Assembly declares, that the road shall be a rail road if practicable, and if not, that it shall be constructed upon the M'Adam principle; a qualification no doubt originating in the fact, that upon the first attempt to examine and survey the route by an engineer in the service of the State, before the organization of this Board, a rail road was pronounced "impracticable."

At the first meeting of the Board, in March 1836, the Acting Commissioner to whom that line was confided, was instructed to have the preliminary examination and survey made, as soon as a competent Engineer could be had; and at the same time, to expedite that and other branches of the service, the Board appointed a committee to visit those states in which Internal Improvements had been extensively carried on to procure a supply of Engineers, and more especially, a proper person to fill the office of Principal Engineer on roads. At the meeting of the Board in May afterwards, the Board still found themselves without a

and Ohio rivers. C. G. Sappington, "The Madison and Indianapolis Railroad," in *Indiana Magazine of History,* 12(1916):236-42.

principal Engineer on roads, or a supply of engineers of other grades, but arrangements for them were under progress, and the Board were satisfied that every means had been diligently availed of to secure them, but if possible to give further efficacy to their views, in relation to the Principal Engineer on roads, the importance of such an officer, and the want of him at that time being most sensibly felt, full latitude was given to the President of the Board, to make the appointment himself in vacation, leaving the selection and salary both discretionary with him.

At the meeting of the Board in October following, the president had succeeded in obtaining a principal Engineer, one who had been recommended to him for the situation, by gentlemen of the highest rank and merit in their profession as Engineers, and the Board were unanimous in their congratulations, upon what they deemed the fortunate issue of their persevering efforts.[8] At the same meeting, the Acting Commissioner on the Jeffersonville and Crawfordsville road, presented a report from his resident Engineer, of an examination of the route as far as the West Fork of White river, and a reconnoisance on a further part of it, in which he expressed his opinion in favor of the practicability of a rail road route.[9] The Board however, after mature reflection, the subject having been repeatedly discussed, came to the conclusion not to settle the character of the road upon this unfinished survey alone. The Engineer alluded to, however qualified in other respects, had not sufficient experience in his profession to warrant the Board in coming to a final decision, upon the exposition furnished by him, and besides the Board had then a principal engineer on roads, whose especial province it was, to decide upon matters of such magnitude. The report was accordingly submitted to him, but he declined to give any intimation to the Board in favor of its adoption, and this at a time when he could not be suspected of being under prejudice or other sinister influence. The principal Engineer was then directed to make his examination of the route as soon as practicable, and submit a report to the Board, and in the mean time the Acting Commissioner was instructed, to put a part of the work under contract, so that it might answer for either a McAdamized or rail road, as the Board should finally determine.

---

[8] The principal engineer on roads was H. M. Pettit.

[9] The resident engineer was Robert H. Fauntleroy, of New Harmony, a nephew of Robert Dale and David Dale Owen.

In June following, the principal Engineer on roads made his report, couched in strong terms against the practicability of a rail road; his examination covering only a part of the route, but enough to satisfy him; it not being necessary in all cases to examine an entire route, for evidences of impracticability. The word "practicable" in the law has not of course received a strict construction from the Board, but they deem the qualification in the law, as giving the discretionary power to decide upon the comparative expediency of a rail road, for had the intention of the General Assembly been otherwise, no such qualification would have been inserted, as it is strictly practicable to make a rail road any where. This report however, was not followed by any distinct expressions of the Board, settling the character of the road, none such being moved for by any member; but on the day succeeding the presentation of the report, on the motion of the Acting Commissioner on that line, he was unanimously authorized, to put certain portions of it under contract, to be constructed at an elevation indicating a McAdamized road, although not nominally expressed. But had he submitted a resolution, declaring in the plainest terms that the road should be a McAdamized one, the Board would not have hesitated to adopt it, believing, as they then did, that the report of the principal Engineer was entitled to their confidence. The members of the Board are not Engineers, nor are they selected for their qualifications as such; and although in the discharge of their duties, much may be acquired by them in that line, yet to a great extent, they will always have to depend upon the statements of the Engineers employed by them. Some of those necessarily engaged in the service of the state are wanting in experience, although it is believed that in the end, the state will feel a pride in having patronized them; and it was partially to avoid the evils, which might grow out of this circumstance, that it was deemed necessary to procure a principal for each department of the service, who had established a high reputation in his profession. To such an officer great respect is due, and his official statements should not be set aside, but upon evidence, clear and indubitable. To hold a different opinion, would be to disregard system and responsibility in the service, and to trample under foot that rank which the Board, had themselves, created, as the proper distinction of superior attainments.

The action of the Board upon the report as here stated, seemed to produce much dissatisfaction; for in a few weeks afterwards, they were convened by the President, to take this subject again under consideration; and a delegation composed of some of the most respectable citizens of the State, appeared before them to represent the wishes of the people locally interested. That portion of the statement made by them to the board, which more especially claimed their attention, was the charge of inconsistency in the reports made by the principal engineer on roads, in relation to certain principles assumed by him at different times, and that in his report upon the Jeffersonville and Crawfordsville road, he had greatly exaggerated the cost. The officer whose conduct was thus assailed, being no longer in the service of the State, or present, the Board were precluded from his explanations, which might possibly have reconciled these alleged incongruities.—Under these circumstances, to have absolutely adhered to his report, in defiance of the complaint made, would have been an indecency towards public sentiment, and on the other hand, to have retrograded to the original report, and upon that basis decided upon the character of the road, was entirely inadmissible. It would have placed the Board in a ridiculous attitude, and justly exposed them to heavy censure. To have yielded to the wishes of the delegates would certainly have been gratifying to them, but it was evident that the Board and the delegates occupied different grounds, productive of different opinions. The delegates were bound to represent that portion of the people, who had urged and sent them upon that mission. They could not virtually act in that capacity, without doing so; but the members of the board were the agents of the General Assembly, to carry into execution their law, with an eye single to the interest of the whole people of the State. With a full view of the emergency, and to put the

Board in possession of the best lights for a final decision upon the conflicting reports and statements made, they appointed Mr. Williams, then Principal Engineer on Canals, the Principal Engineer of the State, to have in charge for the present, all the public works, and directed him to invite from some neighboring State, two engineers distinguished for their ability and experience, to unite with him in a personal examination of the said route, and make their joint report to the Board at as early a day as practicable;—a mode of settling such difficulties sanctioned by the usage of other States. Mr. Williams has succeeded in obtaining for this service, Mr. Welsh, the Principal Engineer of Kentucky, and Mr. Forrer of Ohio, than whom a better selection could not be made, all of whom are now engaged on the route, and when their report is submitted to the board, which will be, by the 25th of this month, no time will be lost in deciding upon this question, and as far as the Board is concerned, putting it to rest forever.[10] The Board indulge the hope, that the General Assembly will perceive, that there has been no unnecessary delay on their part, in bringing this matter to a close, upon proper premises; but that from first to last, it has received from the Board the attention due to its importance. It is very possible they may have erred and come short of their duty, but upon a review of the various steps taken by them in relation to it, they can perceive nothing to reproach themselves with.

On the roads inclusive, the board have ordered 84 miles to be put under contract, but 68 only have been let.

Another work which it is their duty to introduce to the notice of the General Assembly at this time, is at the Grand Rapids of the Wabash, for the improvement of the navigation of the river. By the act of the General Assembly, the board were required to attend to the execution of a proposed compact between this State and that of Illinois, upon the subject of the improvement of the navigation of that river, from Vincennes to its mouth; and this object was consummated in April, by Mr. Blake the Acting Commissioner appointed by this board, and Gen. M. K. Alexander, the Commissioner appointed by the Board of Public Works of Illinois. Immediately consequent upon which, they put measures in a train for the commencement and continuous progress of operations; and after a thorough examination by themselves personally, and a corps of engineers organized for the purpose determined for the present to concentrate their efforts at that point of the river well known as the Grand Rapids.[11] The obstructions at this point commence and continue from Little Rock to the foot of the rapids, just above the mouth of White river; making a distance of 10 miles, and a fall of 10 feet, and have ever been considered, as they have certainly proved to be, the most formidable of any in the river. The plan adopted to overcome them is to erect a dam at the foot of the rapids ten and a half feet high, with a Lock on the Indiana side, for the construction of which the rock formation in the bed of the river, and the natural shape of the contiguous country is admirably adapted. This improvement, in addition to the certain and safe passage it will afford at that point in all seasons, for craft of all descriptions, engaged both in the ascending and descending navigation, will create a water power, which, at a time not remote, will indemnify the two States in the entire cost of the work. Being at the junction of two fine rivers, the vallies of which are not surpassed in fertility, and their adaptation to all grain productions, and abounding in stone coal, and as it is believed, in iron ore, it presents an invitation to capital and enterprize for manufacturing purposes, which will not be overlooked. . . . The cost of it [the work], when finished, is estimated at $167,000. And although the State of Illinois has appropriated $100,000, the money can only be expended in equal sums, with the funds furnished by the State of Indiana; and as her appropriation at present is only $50,000, of course a farther appropriation is necessary to cover her moiety of the estimate. In doing this . . . no new principle is introduced, as the cost of all the public works, after the most careful calculations which can be made, rests in some degree upon conjecture. In some cases the estimate will exceed and in others fall short of the actual cost. There is an unexpended balance of appropriation, which should it be the pleasure of the General Assembly to transfer to this object, would save to a considerable extent, a draft upon other resources and the manner of so disposing of it, would seem peculiarly proper. In the year 1834, the General Assembly appropriated the sum of twelve thousand dollars to be expended with a like sum, to be furnished by the State of Illinois for the improvement of the navigation of the Wabash, by Commissioners mutually appointed by the two States. The Agent on the part of this State, under said commission, has furnished data by which it appears that the balance now in his hands, and not subject to existing contracts or other engagements relative to the improvement of the river, is about 5,000 dollars.[12] The commission on the part of Illinois has been rescinded, and the duties of it transferred to the board of public works. The service under this commission has been confined to the river below the Rapids. In what manner the Wabash should be improved below that point, is an important and as yet unsettled question. The wide river bottoms and the nature of the obstructions in some places, seem to render inapplicable the slack water principle; and it may eventually be necessary to resort to one or more canals; but be this as it may, it appears to the board, that the views of the public authorities relative to this department of the services should, for the present, be concentrated at the Grand Rapids.

---

[10] The reports of the various surveys are in the *Senate Journal;* those of R. H. Fauntleroy, pp. 364-74, 388-91; of H. M. Pettit, 375-78; of J. L. Williams, Sylvester Welch, and Samuel Forrer, 348-62. The General Assembly decided to build a macadamized road rather than a railroad between Jeffersonville and Crawfordsville. *Revised Laws of Indiana,* 1837, p. 354.

---

[11] David Burr, the principal engineer on the improvement of the Wabash River, reported to Blake and Alexander on November 23. The report is printed in the *Senate Journal,* 1837-38, pp. 196-204.

. . . .

In obtaining release for the use of water power, the members of the Board have in many cases, been met by objections and murmurings and a positive refusal either to donate or sell to the

---

[12] An act was passed requiring Andrew Gardner, commissioner on the part of Indiana under the 1834 act, to pay to the State Board of Internal Improvement the sum of $5,059.24. *Laws of Indiana,* 1837-38 (local), 379-80. An additional $50,000 was also appropriated to meet the $100,000 appropriated by Illinois. *Ibid.,* 437.

State at a fair equivalent. As the use of water power is indispensible, and all appeals to liberality, and a sense of public duty have proved fruitless, the board desire to be understood as recommending with more than common earnestness, that a law be passed, to condemn the small lots of land necessary for the use of water power, in the same manner that property is now taken to the public use for other purposes. They are aware that it is a delicate matter to seize upon private property, and that it is generally considered a harsh measure; but when a great object is to be carried out by it, promotive of the interests of the whole community, and that particular interest cannot be preserved in any other manner, it will not be denied that it is both constitutional and proper to do so. The authority could be given in such manner as to protect fully the just claims of the citizen. It is farther respectfully suggested, whether provision by law should not be made, for obtaining some small lots of ground for the necessary depots, incidental to rail road operations, and machinery and other property appurtenant to such a road, rendering some arrangements of the kind indispensably necessary.[13]

. . . .

An exploration and survey has been made, under the order of the General Assembly, from the feeder dam on the Cross-cut canal, along the west side of Eel river, diverging towards Black creek, to ascertain if a passage for said canal could not be effected in that direction; but it has been found that a range of intermediate hills presented an insuperable obstacle.

On the Erie and Michigan canal, a corps of engineer has been engaged the greater part of the season, examining the country thoroughly, testing its adaptation to the contemplated improvement, with a view to its definite location, and final connexion with the Illinois canal. The President and Principal Engineer of that canal, have recently made a survey for the route on the Illinois side, and found it entirely practicable to make that connexion. . . . They therefore regret, that the acting commissioner on that line was limited in his examinations, by an act of the General Assembly, which required the counties of St. Joseph, Laporte, Porter, and Lake, to advance a sufficient sum to defray the expenses of the survey from the mouth of Salt creek, or some suitable point westward to the Illinois line, which was not made by them. This law conflicts with the public interest, and . . . the Board beg leave to recommend the repeal of that feature of it. . . .

---

[13] See a special report on this subject, dated January 28, 1838, printed below. No legislation was enacted at this session concerning these matters.

The Michigan road has also been examined under the requirements of an act of the last session; and the report of the officer fully specifying the character and cost of the improvement recommended will be shortly submitted. A thorough exploration has been made from the point where the Cumberland road crosses the White Water canal, thence north-west by Newcastle towards the Central canal, to ascertain the practicability of connecting these works by a cross-cut canal; and it may now be considered as settled, that the country does not afford the necessary facilities for that kind of improvement. . . .

The location of that part of the Madison and Lafayette Rail road which lies between Crawfordsville and Lafayette has been made, and the cost in detail estimated. . . .[14]

A survey and estimate have been made by Mr. Torbert, one of the engineers in the permanent service of the State, for a canal down the valley of the East Fork of White [water] River, from Richmond to Brookville. . . .[15]

Without going farther into particulars, the Board request the attention of the General Assembly, to the report of Mr. Williams, the Principal Engineer of the State, a copy of which is hereunto annexed and made a part of this report.[16] It contains a detailed statement of the progress of our public works, and the surveys and

[14] See *Senate Journal,* 1837-38, pp. 212-17. It was decided at this session to build a macadamized road rather than a railroad between Indianapolis and Lafayette. *Revised Laws of Indiana,* 1837, p. 354.

[15] *Senate Journal,* 1837-38, pp. 252-55.

[16] For the report of Jesse L. Williams, principal engineer, see *ibid.,* 204-42.

questions connected with them, and various views of his, shedding much light upon these subjects. . . .

Respectfully submitted,

D. H. MAXWELL,[17]
SAM'L LEWIS,
J. B. JOHNSON,
ELISHA LONG,
JOHN WOODBURN,
JOHN A. GRAHAM,
JOHN G. CLENDENIN,
D. YANDES,
THOS. H. BLAKE.

INDIANAPOLIS, Dec. 15, 1837.

---

[17] The internal improvement act of 1836 provided for a State Board of Internal Improvement to consist of the three Wabash and Erie canal commissioners and six persons to be appointed by the Governor with the advice and consent of the Senate. Of the members who signed this report, all had been members of the original board except Graham and Yandes and they had been serving since January, 1837. Record of Commissions issued by the Executive, 1837-1845, in Archives Division, Indiana State Library.

By an act of January 25, 1838, the appointment of board members was taken from the Governor and provision made for their election by joint ballot of the Senate and House of Representatives. *Revised Laws of Indiana,* 1837, p. 355. Clendenin, Lewis, and Graham were reelected as board members by the Assembly on January 24, 1838, upon the expiration of their terms. *House Journal,* 1837-38, pp. 360-61. Then in September, 1838, Yandes resigned and Governor Wallace appointed Alexander F. Morrison, a Democrat, to serve in his place until the General Assembly could choose a successor. However, when the Assembly met they passed an act to abolish the nine-member board and elect a new one of three members. Samuel Lewis, John A. Graham, and ex-Governor Noah Noble were elected to the new board on February 8, 1839. *Laws of Indiana,* 1838-39 (general), p. 3. They served only one year as the following General Assembly further reduced the board to one member, Noah Noble. *Ibid.,* 1839-40 (general), 51.

Treasurer of State: Report on Surplus Revenue[1]

TREASURER'S OFFICE,
INDIANAPOLIS, 18th Dec. 1837.

TO HON. DAVID HILLIS, President of the Senate:

I herewith transmit, to be laid before the Senate, the following Report in relation to the operations and condition of the Surplus Revenue of the United States, deposited with this State.

Very respectfully, Your ob't servant,

N. B. PALMER,
Treas. of State.

Receipts

There was received from the U. S. States Treasury on the 25 of January last drafts in favor of the Treasurer of this State as follows, viz:

Draft on Branch Bank at Madison	$ 95,583 83	
Draft on Branch Bank at Lawrenceburgh	95,583 83	
Draft on Branch Bank at New Albany	95,583 82	$286,751 48

On the 22d March there was received like drafts as follows:

On the Branch Bank at New Albany..	$ 95,583 82	
On the Branch Bank at Madison	95,583 83	
On the Branch Bank at Lawrenceburgh	95,583 83	$286,751 48

On the 9th of June there was also received like drafts as follows:

On the Branch Bank at New Albany..	$ 95,583 83	
On the Branch Bank at Madison	127,737 02	
On the Branch Bank at Lawrenceburgh	63,430 63	$286,751 48
		$860,254 44

---

[1] *Senate Journal*, 1837-38, pp. 281-83.

Disbursements

There has been paid to the Loaning Agents in the several counties as per abstract of the different agencies herewith appended, the sum of	$567,126 16	
Paid over to the Commissioners of the Sinking Fund the sum of	286,751 48	
Amount apportioned to the counties of Lake, DeKalb, and Wells, not applied for by those counties but loaned by the Treasurer of State	6,376 80	$860,254 44

The Legislature in passing upon this subject last winter, seemed to have passed the act requiring the Treasurer of State to distribute the two first instalments among the several counties, upon the assumption that the money to be deposited, would be paid at the seat of Government; as no provision was made by law for obtaining the funds from the distant Banks upon which drafts were sent.

It will be perceived that the drafts were altogether on the river Branches. To have given checks to the Agents on those branches, would have greatly postponed the loaning of the funds, causing a great loss of interest; besides many of the Agents would have refused to incur the expense of the additional journey to the river, and the money would have remained unproductive in the vaults of the Banks.

With a view of obviating the difficulties which thus presented themselves, the undersigned determined so soon as the apportionment among the different counties could be made, and the necessary forms prescribed, to go in person to the several Branch Banks for the funds.

I accordingly made two trips to those branches on my own expense and responsibility, to bring the funds to Indianapolis, in part, and to otherwise dispose of the balance in such other branches as would be most convenient to the agents entitled to draw the same.

Presuming that it would be desirable to the borrowers to have a portion of the funds in specie, and convenient also to the agents in making change, I addressed letters, previously to leaving Indianapolis, to such of the receivers of public moneys as I knew deposited in those branches on which drafts were drawn, requesting them to hold up their deposits a few days, until I could make some arrangements with the deposit Banks by which the specie could be left at different points in the interior, to be distributed to the loaning agents. By this arrangement a portion of specie was provided at the different points of disbursement.

It will be seen by the accompanying abstracts, that the total amount of interest received by loaning agents is $45,128 00 and that the amount paid over by them to school commissioners is $45,457 34. It will be seen also, that the main portion of the money has been loaned on personal security, being $484,562 on personal and $79,604 on mortgaged security. In the further operations of this fund,—in the collections which it will doubtless become necessary to enforce by law, and the various questions which may arise in the management of so large an interest, much legal advice will be required by the agents, and in many prosecutions, the services of an attorney will be required.

It is respectfully suggested whether the public interest would not be much better secured, by making it the special duty of the prosecuting attorneys to attend to the matter as a part of their official obligation.

If the duty should be considered too onerous for their present compensation (of which I think there is no doubt) it would be economical to give them such increased salary as shall be commensurate with the increased burdens imposed, rather than subject the state to the payment of fees for such accidental and individual services in the several counties as would be indispensable, if left to the discretion of agents to employ counsel as contingencies might require.

. . . .[2]

Respectfully submitted,

N. B. Palmer, Treasurer of State.

---

[2] The paragraph omitted refers to the abstracts which accompany the report; they are not reprinted here.

Wallace: Nomination for Canal Fund Commission[1]

Executive Department, Dec. 19, 1837.

Hon. David Hillis, President of the Senate:

Sir—In compliance with the act of the legislature creating the Board of Canal Fund Commissioners, I nominate for the consideration of the Senate, Caleb. B. Smith of Fayette county to fill the vacancy in said Board caused by the resignation of Jeremiah Sullivan, and respectfully request the advice and consent of the Senate thereto.[2]

David Wallace.

President of State Bank: Reply to Senate Resolution[1]

State Bank, Dec. 29, 1837.

Hon. David Hillis, President of the Senate:

In answer to a resolution of the Senate requesting the President and Directors of the State Bank to "inform the Senate, at what time and places, they intend to locate the 12th and 13th branches of said Bank," the undersigned respectfully represents, that the Directors not being now in session, nor expecting to meet again

---

[1] *Senate Journal,* 1837-38, p. 292.

[2] A board of three commissioners of the Canal Fund was created by an act of January 9, 1832; they were to be appointed by the governor by and with the consent of the Senate. William C. Linton, Nicholas McCarty, and Jeremiah Sullivan were the first appointees. Dorothy Riker (ed.), *Executive Proceedings of the State of Indiana 1816-1836 (Indiana Historical Collections,* Vol. 29, Indianapolis, 1947), 686. Linton died January 31, 1835, and Samuel Hanna was appointed in his place. McCarty resigned March 24, 1836, and was succeeded by Isaac Coe; then Sullivan resigned in May, 1837, to become a Supreme Court judge. Caleb B. Smith received an interim appointment to run until the meeting of the General Assembly. The Senate consented to Smith's nomination with only one dissenting vote. *Ibid.,* 687; *Senate Journal,* 1837-38, p. 293. Smith had solicited the appointment. See *Messages and Papers of Noah Noble,* 540.

---

[1] *Senate Journal,* 1837-38, pp. 173-77. Another communication of Merrill's regarding the location of branch banks is printed in *ibid.,* 411-19.

until the Legislature will probably have adjourned, it is not in his power, to give all the information on the subject which the Senate may desire, but as he has heard the matters referred to in the resolution, discussed in the Board, and the opinions of most of the members expressed respecting them, he begs leave to submit, for the consideration of the Senate, a brief sketch of what has been done, and his views of what the Board are desirous of doing. It must be recollected however, that the Board meet only once in three months, that changes are continually occurring amongst the members, and that as many of them have little personal knowledge of the northern part of this state, their opinions may be much changed, when they obtain further information.

Two Committees of the Board have visited the towns in the 12th district, claiming the location of the branch, one in May 1836, and the other in May 1837, and both committees were strongly impressed with the propriety of locating two branches in that district, if the Board had been authorized so to do. The first committee gave rather a preference to South Bend, in the expectation that there should be one at Michigan City at no distant day, though if there were to be but one branch in that district, and that to be established in 1836, their preference would have been in favor of Laporte. The second committee appeared to prefer Michigan City, but the members of the Board were so much divided in opinion, that until the vote had been actually taken, no one could tell which point would have been voted for by a majority of the Directors. The subject was postponed however, a part of the Board having doubts of the propriety of locating a new branch while specie payments were suspended, and another part not being satisfied as to the point of location.

At the last meeting, the subject again came up, when it appeared that of the three points presenting claims to the location, about an equal number of the Directors were in favor of each. After much discussion, a committee of five directors, none of whom had ever visited the northern part of the state, were appointed to "make further examination of the 12th district and report at the August session of the Board a *definite point* for the location of the branch." Should that be done, the branch may be organized and ready for business next November.[2]

The consent of the branches has never yet been given to the amendment of the charter, providing for a 13th branch.

There is no unwillingness on the part of the present branches, to consent to the establishment of a branch on the Wabash between Lafayette and Fort Wayne, and two more branches in the northern part of the state, whenever their organization shall be required by the business of the country and they shall be authorized by law.[3]

In reference to another resolution of the Senate, requesting the President and Directors of the State Bank to "inform the Senate at what time the Bank will resume specie payments, also what kind of funds are received at the branches in payment of debts due the bank or branches," the undersigned respectfully submits, that the kind of funds received by the bank and branches in payment of debts is a matter left to the discretion of each, but that in this, all of them endeavor to accommodate the public, by taking all funds that are current in the vicinity.

All the Bank paper of Kentucky, of the south part of Ohio, of Virginia, and that of most of the Eastern States, is in general taken without objection, though in this they must be governed by the opportunities presented to them, for paying out what they receive.

In relation to the resumption of specie payments, and the views of the State Board on that subject, the undersigned submits for the consideration of the Senate, a report and resolution made by a committee during their late session and concurred in unanimously by the Board.

---

[2] At the following meeting of the board of directors of the bank, Branch No. 12 was located at South Bend. See Merrill's communication to the Senate regarding the location, in *House Journal,* 1837-38, pp. 411-19. See also below, 195.

[3] Branches No. 13 and 14 were later located at Michigan City and Logansport, respectively. The former apparently opened in the early part of 1839. See below, 195, 310-11. Insufficient subscriptions prevented the opening of the Logansport branch. *John Tipton Papers,* 3:819n.

The committee, to whom was referred the subject of a "resumption of specie payments" beg leave to report, that they have had the subject under consideration, and now submit the result of their deliberations. It will be remembered that specie payments were suspended on the 18th of May, 1837. The circumstances which led to that suspension are well understood. The community at large seems to have acquiesced in the measure, as one of necessity, and an argument to prove its propriety, so far as we are concerned, is deemed at this time unnecessary. The question is not *now,* in relation to the policy of the measure *then:*—the event has happened, and the only question is, *how long* the suspension is to be continued by the State Bank of Indiana? In order to arrive at a proper conclusion upon the subject, it will be necessary to review the action of the Board heretofore upon the same. At the August session 1837, and being the first session of the Board after the suspension, the following resolution was unanimously adopted:

Resolved, That the Cashier of the Bank be authorized to call the attention of the Western Banks to the propriety of holding a convention for the purpose of preparing to resume specie payments at as early a period as practicable, and that in case said convention shall be held, the President or Cashier be appointed the delegate on the part of this Bank.

That in pursuance of this resolution, the Cashier of the State Bank addressed letters to the principal Western banks, and their answers show that the anxious desire of all is in accordance with that of this bank, to resume specie payments at as early a period as is practicable and expedient, but the New York Convention being soon after proposed, no further action was had in relation to a western convention.

The whole course of the bank, from the suspension of specie payments in May, to this period, shows beyond all contradiction, that the Bank has, with a proper regard to the situation of its debtors and the public interest, made every exertion to resume specie payments, at as early a period as could with safety be made. Our circulation from the 18th of May, the day when we suspended specie payments, to the 31st October last, has decreased $388,823; our discounts for the same period, have been decreased

$841,678; our debt to the government $718,870 12; our debt due to other banks $85,873 68; our individual deposites $114,991 87; while our specie has decreased in the same period, but $72,477 99. Thus showing that while in the same period, our immediate liabilities have been settled to the amount of $1,308,588 67; our specie funds remain the same as they were on the 18th May last with the exception of the small decrease above stated and which arises in part by payment of the Government debt, and in part for accommodations in change for the public. The whole action of the Bank has been, as far as possible, to be prepared at all times, for the resumption of specie payments, whenever the period should arrive which would make it politic and expedient so to do. The circular letter of the President of the Board to the different branches, all the resolutions and orders of the Board itself show, that the earnest wish of those who regulate the concerns of the State Bank, has been to promote at as early a period as possible, the desirable object of once more placing the circulation of the Bank upon a specie basis.

The committee are gratified in finding that the branches in this matter, "have come up manfully to the work." Every one, who is at all acquainted with banking operations, knows, that the safest of all fiscal dealings by a bank, is where the circulation does not exceed twice the amount of specie in its vaults. The former is with us continually decreasing—while but little of the latter is going out. At the date of our last return, our circulation was $2,205,812; our specie $1,048,714 72, making our circulation only $157,097 28, more than twice the amount of specie in our vaults—a comparison with any other institution will show our superior ability to redeem our paper in specie whenever a resumption shall be deemed advisable.

Having thus shown the action of the Board in relation to the resumption of specie payments, it will be expected, that the committee should offer some views in relation to the probable time for the accomplishment of this highly desirable object—an event as much desired by this Board as it possibly can be by the community at large—by our bill holders, and by all who wish to see our issues based upon, and redeemable at all times in gold and silver. Every one who knows any thing of the causes which led to the suspension of specie payments on the part of this, as well as the western banks generally, must be well aware that the suspension was involuntary on their parts. The difficulties in our monetary affairs first commenced on the seaboard, in the banks east of the mountains, New York may be considered the *focus* of all the banking—if not of all the business operations of the country. The stoppage of specie payments by a single institution there, vibrates throughout the whole country. The suspension of all creates dismay—if it does not bring ruin upon similar institutions throughout the Union. They regulate the domestic as well as the foreign exchange of the United States, and whether connected with them directly or not, every bank in the Union must feel the full force of their operations, either for good or evil. Situated as we are, with the rate of exchange and the balance of trade so evidently against us; with the premium existing upon specie, above its par value for exportation—it would be the height of folly, as the committee believe, for the bank to resume specie payments, until some action is had upon the subject by the banks east of the mountains. Is not our present paralysis, better than entire dissolution? What would be the effect of a resumption of specie payments by the State bank of Indiana, without a mutual co-operation of solvent institutions beyond the mountains?—The answer is easy. Every dollar of our circulation, whether issued by discount or otherwise, would return directly to our counters, with a demand for specie. Without a general resumption—it would be then as it is now, a matter of merchandize, daily exposed on the stalls of the exchange in our large cities. With the present premium it would bear, as it would certainly receive, a carriage across the mountains. Our vaults would be drained, our customers distressed, our paper dishonored, our bill holders the sufferers, our citizens oppressed to gratify the avarice of brokers and speculators, the price of all property reduced to one-fourth its real value, and when the time came, *as come it will shortly,* for the resumption of specie payments here, we should be found without a dollar in our vaults—our paper irredeemable—the State bankrupt, and individuals ruined. With this view of the subject, the committee believe the true policy is "to watch the signs of the times," and be prepared at any moment to resume specie payments when *events elsewhere* shall demonstrate its policy and expediency *here.* The day is not far distant, when, your committee believe, a resumption may take place without injury to the bank, to the State or to the public—and that ere long, every dollar of the notes of the State bank of Indiana, may be redeemed in *gold* and *silver.* The banks in New York have sent a circular to this bank, requesting us to send a delegate to meet them in convention in that city on the 27th instant. This bank has accepted the invitation in the same spirit of courtesy and good faith, in which it appears to have been made. Our delegate is there, and has been instructed earnestly "to urge the resumption of specie payments at the earliest day practicable." As soon as the time is fixed, the State Bank of Indiana, will not be found laggard in the performance of a duty, which she will then owe to herself, to the State, and to the community at large, who under all circumstances have so generously stood by and sustained her.

The committee submit the following resolution:

Resolved, That the President of this Board be authorized and directed, and he is hereby authorized and directed to adopt any measure in his power to induce a resumption of specie payments generally, and so to direct the operations of the branches that they shall be prepared to resume specie payments at the first moment practicable.

It is not in the power of the undersigned, to add much to the foregoing report, which expresses in general the views of the whole board. The convention has been held, but not being fully satisfied with the statistical information before them, that they could fix an early and precise time at which specie payments could be resumed with most advantage to the country, they adjourned until the 2d Wednesday of April, recommending the banks generally to prepare by all means in their power for an early and continued resumption.

That this bank and the western banks generally, can and will resume specie payments, at an early period, there is in the opinion of the undersigned, no reasonable ground to doubt.[4]

Respectfully submitted,

S. MERRILL, President.

Report of Trustees of Indiana College[1]

[January 9, 1838]

TO THE GENERAL ASSEMBLY OF THE STATE OF INDIANA:

In compliance with the provisions of the charter of the Indiana College, the Trustees of said Institution respectfully submit their annual Report.

In presenting this report the Trustees cannot refrain from an expression of their deep-felt satisfaction at the increasing prospects and success of the institution; it still continues to gain a firmer hold upon the confidence and affections of the community in the midst of which it is located, nor does this confidence which has been so justly inspired in the public mind from the expanding usefulness and success of the institution, appear to be confined to the immediate vicinity of the College, or to the limits of our own State, it has spread throughout the whole extent (or nearly so) of the valley of the Mississippi. By a reference to the annual catalogue of the officers and students of this institution, it will appear that the number of the students in attendance upon the exercises of the college has been gradually and steadily increasing since its organization; the causes of which the Trustees are confidently induced to believe, may be found, not alone in the peculiar healthfulness of Bloomington (the place of its location,) the morality of her citizens, or the cheapness of boarding, but in the high and well earned literary reputation of the President and Professors of Indiana College.

[4] See note 4, pp. 77n-78n, above.

---

[1] *Senate Journal,* 1837-38, pp. 451-56. For earlier reports concerning the college, see the *Messages and Papers of Noah Noble,* 129-31, 305-9.

The Trustees would (as evidence of the flourishing condition of the college,) direct the attention of the legislature to the cheering fact, that the number of students who are in attendance at the institution, who contemplate prosecuting a regular collegiate course of studies, is much greater than it has been at any previous period since its organization, which fact alone is sufficient to satisfy the most incredulous mind in community of the salutary influence which this institution has exerted, and is yet exerting upon the public mind, both in reference to the ability of the Faculty to impart instruction to those who have capacity to receive it, but likewise in reference to the indispensable necessity of a thorough training and preparation of the youthful mind, preparatory to the successful entrance of an individual upon the broad, active, and expansive theatre of human life. The number of students from distant states has rapidly increased within the last two years, and it is an undeniable though gratifying fact, that many young gentlemen who have pursued their regular collegiate course of studies, in the colleges of adjoining states, until the time of their entrance into the last year of their senior class, have abandoned those colleges, and have, and are availing themselves of the advantages derivable from the institution of the learned President of this institution.

The number of students who were in attendance during the last collegiate year, was one hundred and thirty-seven. At the present session, there are in attendance considerably upwards of one hundred, and many more who intend returning have not yet arrived. The Trustees would here remark, that the number in attendance during the winter session, is never so great as in the summer session, for which they are unable to assign any particular reason.

The trustees of the college have within the past year, (owing to the great increase in the number of the students, who desire to prosecute a regular collegiate course of studies, as well as to provide for the proper accommodation of those who are classed as irregulars,) been induced to add to the Faculty, two professorships; one of *mixed* mathematics and Chemistry, which has been filled by the election of Mr. Theophilus A. Wylie, a graduate of the Pennsylvania University, (at Philadelphia,) a gentleman eminently qualified for the station. The other of Greek and French languages; necessary branches of English literature, arithmetic, grammar, book-keeping &c. which is filled by Mr. Augustus W. Ruter, a gentleman of high order of talents, who is in part assisted by Professor Parks, whose urbane manners, age, experience and talents eminently qualify him for the discharge of all the duties incumbent on him, in this department, but also as the regular professor of languages. The other studies heretofore pursued, are rigorously enforced by the faculty.

The government adopted in the institution, is in its character parental, imitating as far as practicable, the government of a father over his family; experience has in part confirmed the trustees in the belief of the propriety of this plan of governing the students, more particularly the older class of them: it is believed that no more effectual plan for forming a good moral character in youth, and habits of industry and attention to any department of business, can be adopted, than that which appeals directly to the interest, duty, reason, honor and virtuous emulation of an individual, which are deemed to be the most correct principles upon which young gentlemen can base their character, and regulate their intercourse with the community. In furtherance of this most desirable object, the Board of Trustees have, in addition to the preceding form of government, made it the duty of the President of the faculty, (commencing sometime anterior to the present time,) to deliver a public discourse or lecture, on some moral or religious subject, on each Sabbath day, in the college chapel, to the students, who are recommended to attend. It is, however, not made an imperative duty on them to do so. The President understanding the views of the Board of Trustees on this subject, carefully abstains from the inculcation of any sectarian principles or doctrines. This course in connection with other measures, which have been adopted, has produced, and is producing upon the students, the happiest effects in forming a character for correct moral deportment, and a rigid attention to study: in which particulars it is confidently asserted that the students in this Institution are not *excelled,* if *equalled,* by those of any other in the Union.

The charter of the college clearly prohibits the teaching, or inculcation either directly, or indirectly, of any religious sectarian principles. This provision has been strictly complied with: sectarianism in the remotest degree being excluded from the public or private instructions and discourses of the faculty. The public discourses and private sentiments of the President in particular, will, it is believed, shield him from any imputation of that kind. The hatred which all *bigots* bear to him, being the best testimonial in his behalf in this matter.

The Trustees would here remark, that the public discourses delivered by the president to the students on each Sabbath day, are numerously attended by the members of other denominations of Christians in Bloomington and its vicinity, whenever it is convenient for them to attend, and that no complaint has ever reached them in relation to the manner in which the president discharges his duty in reference to this particular provision of the charter; upon the contrary, the trustees are induced to believe that it is one of the strongest evidences of the propriety of the course which they have adopted. Nor would they have been thus minute on this subject, but for the fact that prejudices have heretofore existed in the public mind against Indiana College, in relation to this particular subject; in view of this they deem it their imperious duty, to defend the character of the Institution from the malign influence, which such prejudices are calculated to exert over its growing prospects and usefulness.

It is a source of great pleasure to the Board of Trustees that they are enabled to announce to the public, and especially to the patrons of the college, the pleasing intelligence that the college library is at this time quite respectable. In addition to many valuable works which were previously on hand, there are added many more; during the past year fifteen hundred dollars was appropriated to the enlargement of the College Library and apparatus. By the agency of the President an addition has been made of books selected with great care in the Eastern cities, of a character admirably suited to stimulate, and gratify, a taste for the solid standard works of literature and science.

In addition to the regular course of studies pursued in the college, the students are divided for the performance of what are usually termed "Saturday's exercises," into three departments; the more advanced students in the department immediately under the tuition of the President, engage in composition, declamation, delivering extempore (or with the aid of pre-meditation only) original speeches, debating and rhetorical reading.

There are also two literary societies, each composed of about thirty members, (students,) of the more advanced character, who spend one evening in each week in exercises similar to the "Saturday exercises." Each society has furnished itself with a very handsome library of choice and select books, the exercises of the respective societies have had an astonishing effect in eliciting a laudable ambition amongst the members and other students, to excel in the improvement, and cultivation of their intellectual powers.

The Board of Trustees have appointed a committee composed of members from their own body, whose duty it is (in connection with such other members of the Board as may see cause) to attend the semi-annual examinations, and other exercises of the students of the college, it was thought by the Board that such a course would not only operate as a stimulus to the students to excel in their studies, but likewise enable them to ascertain the proficiency of professors and students in their various departments; the Board would further state that they cannot let the present opportunity pass without bearing their testimony to the honorable manner in which the students underwent their examinations at the last annual college commencement; it would have been particularly gratifying to the true patriot, and more especially to every Indianian could he have heard the classical and eloquent speeches delivered by the young gentlemen who graduated upon that occasion, many of whom are the sons of citizens of Indiana.

From the liberal legislation extended to the college by the General Assembly of the State within the last two or three years, the Board of Trustees have been enabled to secure an available fund, (accruing from the sales of certain sections of the reserve lands) equivalent to twenty-five or thirty thousand dollars, which fund is exclusive of what has usually been termed the "permanent college fund," which is in the hands of the Treasurer of State, who is the Superintendant of the Loan Office and the interest of which alone was applicable to the use of the college. By a special resolution adopted at the last September session of the Board of trustees, it was determined by said Board not to use any of the interest accruing on the permanent fund of the college, until the principle and accruing interest should amount to one hundred thousand dollars. This desirable object, we think, may be accomplished within five years, and still leave at the command of the Board a fund sufficient, with the small tuition fees paid by the students, to pay the President and Professors of the college, their usual salaries, erect the necessary buildings which may be needed, and enlarge the library and college apparatus.[2]

Boarding can be obtained in moral and respectable families in the town of Bloomington and its vicinity at a price varying from $1 50 to $2 per week; in view however, of the increasing number of students, and fearing some difficulty might in future arise in obtaining comfortable boarding, the Board of Trustees have caused to be erected a large two story brick building, sufficient (when finished) to accommodate forty or fifty persons. The building will be completed in May next, and the necessary arrangements have been made for the reception at that time of such as may desire to avail themselves of its advantages. The adoption of this plan it is believed will prevent any difficulty either in obtaining the necessary accommodations for students, or increase in the price of the same.

The health of the students has been excellent, not a solitary case of severe indisposition, having occurred within the past year.

Congress, ever mindful of the interest of the great body of the people, being desirous to diffuse the genial influence of education through out the community, did by the second proposition of the sixth section of an act of Congress, approved April 19th, 1816, entitled "an act to enable the people of the Indiana territory, to form a Constitution and state government, and for the admission of such state into the Union, on an equal footing with the original states: Provided that all the Salt springs within the said territory, and the lands reserved for the use of the same, together with such other lands as may, by the President of the United States, be deemed necessary and proper for working the said Salt springs, not exceeding in the whole, the quantity contained in thirty-six entire sections, shall be granted to the said state, for the use of the people of said state, and the same to be used under such terms, conditions and regulations as the legislature of the said state shall direct." And, whereas, Congress did subsequently by an act of said board, approved July 3d, 1832, authorize the legislature of said state to dispose of said lands, and apply the proceeds thereof to the purposes of education in said state. And whereas, the legislature of the state did by an act, approved Feb. 2, 1833, authorize commissioners, clothed with authority to sell said lands with a view to raise funds for the purposes contemplated by the original donors. And whereas, said lands have been sold and the funds accruing from said sale have not by any act of the legislature of said state been definitely appropriated to any specific object. The Board of Trustees would most respectfully suggest to your honorable body the propriety of appropriating said funds to the endowment, and establishing of a permanent professorship in the Indiana College, with the view of educating and preparing young men, free of any tuition fee, to become teachers in the primary schools of the state.[3]

---

[2] In response to a resolution of the House, the State Treasurer sent to that body a statement on the situation of the College Fund. *House Journal,* 1837-38, pp. 203-4. See also above, 72.

[3] Apparently no action was taken on the proposal during the 1837-38 session of the General Assembly. A normal school for the training of teachers was in operation for a short time in 1852-53. James A. Woodburn, *History of Indiana University. Volume I. 1820-1902* (Indiana University, 1940), 178. The Assembly did act to make the college a university. *Laws of Indiana,* 1837-38 (local), pp. 294-98. The Senate committee that reported the bill to establish a university, believed "it was the intention of the framers of the constitution to establish at as early a period as convenient a State University in which should be taught such branches of the useful arts and sciences as would not only qualify the youth of the State for the various learned professions, but also so much only as might enable that portion of our youth, who desire to pursue the highly useful avocations of agriculture and the mechanic arts, thereby extending to every interest in the community, all those inestimable blessings, which arise from the diffusion of science through every department of business." *Senate Journal,* 1837-38, pp. 519-20.

The Board of Trustees are aware that they may by this recommendation, subject themselves to the charge of cupidity, in the estimation of some portions of the community, who may feel some jealousy towards this institution. They nevertheless, confidently believe that the fund could not be disposed of in any manner, so well calculated to carry out, so effectually, the liberal views and intentions of Congress, and the act of the State Legislature, as the one herein suggested. If arguments were needed to prove the correctness of the foregoing position, they can be adduced. It is a fact which cannot be successfully controverted, that the foundation of a good education must be early laid in the youthful mind, and that this object, as a general rule is to be accomplished, or missed, in the incipient stages of instruction, which first commences in the primary schools of the country. How important, then, is it to lay well the foundation, if you desire the superstructure which is to be erected thereon, to be durable. If this recommendation of the board, should meet with the favorable consideration of the Legislature, the board do most confidently believe, that within the short space of ten years, the State of Indiana will be furnished with a sufficient number of competent teachers for all the primary schools of the State, than which a more gratifying and useful object cannot be attained.

In concluding this report, which has already been protracted, and minute, (and the only apology for which is, an earnest desire on the part of the Board, to place within the knowledge of the Legislature, a true and faithful exposition of the condition of that institution, which we ardently hope and believe will, with prudent management, become the ornament of the State, and prove a lasting monument of the wisdom of its founders,) we cannot with out a dereliction of duty fail to recommend to your honorable body, the propriety of granting a charter incorporating it as a State university: this measure we deem of importance, not from the consideration alone, that we believe it was contemplated by the framers of our most *excellent constitution,* that the Legislature should at as early a time as convenient, establish a State University; but from the fact of the tendency of such a measure, to diffuse information over every portion of our community; to extend the sphere of its usefulness, and to improve the moral and intellectual condition of the human family, by which means more than all others combined, are we to expect a perpetuity of those inestimable blessings of civil and religious liberty, arising from our present happy republican form of government.

PARIS C. DUNNING,
Chairman of the committee of the board.

House Committee on Canal Fund: Report on Conduct of Fund Commissioners[1]

[January 27, 1838]

The committee on the Canal Fund, on the part of the House of Representatives, to which was referred a resolution of the House, in the following words, to wit:

Resolved, That the committee on the Canal Fund be authorized and empowered to send for persons and papers, if they deem it expedient so to do, to enable them fully to investigate the official conduct of the Canal Fund Commissioners, as well those in office, as those whose term of service has expired. First, as relates to the improper use of the public money; second, what account has been rendered of the exchange that may have come into their hands, obtained between eastern and western funds; third what amount they may have retained in these funds as pay; and whether they or any of them, have refunded to the State, the excess over two dollars per day they may have received as compensation since the explanatory act of the last session, limiting the pay of the Fund Commissioners to two dollars per day, and lastly, to enquire what members of the Board made sale of the State Bonds to the Cohens of Baltimore, by which the State is likely to lose a large sum, and make report of the result of their investigation to the House.

---

[1] *House Journal,* 1837-38, pp. 339-45.

After giving the several matters contained in said resolution a patient examination, respectfully report:

That in reference to an improper use of the public money, your committee have carefully scrutinized the action of the Fund Commissioners as well those whose term of service has expired as those now in office, and are of opinion that no use has been made of any public monies, which was not authorized by law, and that said Commissioners, have exhibited satisfactory vouchers for the disbursement of all monies which passed through their hands.

In answer to the inquiry of "What account has been rendered of the exchange that may have come into the hands of the said Commissioners in difference obtained between eastern and western funds?" Your committee discover that all premiums thus received have been scrupulously accounted for, and added to the original amount of the specific fund upon which they accrued.

On the third enquiry, relating to the retention of pay by the Fund commissioners, being the excess over two dollars per day, they may have received as compensation since the "explanatory" act of last session, limiting the pay of the Fund Commissions to two dollars per day. The Commissioners inform your committee, that they have retained the whole amount claimed by them previous to the passage of the act of last session, being four dollars per day, on the ground that the act of 1834, creating a State Bank and providing that the Canal Fund Commissioners should negociate the loans for said Bank, in addition to their original duties, and providing that they should receive the *"same"* compensation as they were by law allowed for their original duties under the Canal law, which was two dollars per day; and that they understand and think the Legislature intended that they should receive the additional sum of two dollars per day during the time of their additional labors imposed by the subsequent act; and they are also of the opinion that the "explanatory" law of last session only intended to direct future operations, rather than to explain any previous action.

The Fund Commissioners also inform your committee that the Board of Fund Commissioners as a whole made the negociation for the sale of state bonds to the Messrs. Cohens of Baltimore, the conditions of said loan having been submitted to the consideration of said Board before the consumation of said negociation, report see statement marked (C.) accompanying this.[2]

C.

INDIANAPOLIS, January 26, 1838.

HON. C. C. GRAHAM, Chairman of Committee C. F.

SIR: In reply to the enquiries made by your committee to the Fund Commissioners this morning, we beg leave to state for the information of the Legislature. That at the time the loan was made of the Messrs. J. J. Cohens, Jr. and Brothers of Baltimore, Jeremiah Sullivan, Sammuel Hanna and Isaac Coe were the Commissioners, and had been some time at the East without being able to effect any loan on the terms authorized by law. That the proposals of the Cohens for taking the loan was accepted by Samuel Hanna and Isaac Coe in Washington City on the terms agreed upon by the whole Board a few days previous in New York. Immediate after which, two of the Commissioners returned home, leaving Dr. Coe to complete the Bonds by signing the dividend warrants, and after making enquiry as to the entire solvency of the Cohens, and the responsibility of the security which they should offer to consummate the contract. After a report of Dr. Coe to each of the other members of the Board of the precautions he had taken of consulting and advising with a number of the bankers and business men of Baltimore and New York, and their having entire confidence in the ability of both the principal and security for the amount of the loan, each member of the Board approved of the security taken.

SAMUEL HANNA
ISAAC COE

---

[2] Statements A and B, concerning the pay of the Fund Commissioners, are omitted.

State Board of Internal Improvement: Report on Canal Water Power[1]

Office State Board Int. Improvement,
January 28, 1838

To the Honorable the Senate of Indiana:

The Board of Internal Improvement have had the honor to receive a copy of the resolution adopted by the Senate on the 13th inst. requesting them "to report to the Senate the probable amount of water power created by the construction of the canals of this state, so far as the same are finished or under contract; and also the probable revenue which may be derived therefrom, together with their views as to the best means of bringing these water privileges into use, and the means necessary to secure the interests of the state in respect to the water power generally;" and in answer thereto respectfully submit the following estimate with their views in relation to this subject.

The probable amount of water power created by the construction of the canals, so far as the same are now finished or under contract, and the annual rent which may be received for such power, when the value shall be brought into use, may be estimated as follows:

	No. of pr's of 4¼ feet millstones	Annual rent	Total value
Whitewater canal from Brookville to Lawrenceburgh	190	$140	$26,600
Central canal, Indianapolis Division	90	160	14,400
Central canal, South Div. 9 mo. in each yr.	25	125	3,125
Cross-Cut canal (not all the year)	75	125	9,375
W. & E. canal from state line to Lafayette	170	150	25,500
W. & E. canal from state line to Lafayette (not all the yr.)	80	129	10,000
Total			$89,000

---

[1] *Senate Journal*, 1837-38, pp. 577-79.

From this estimate it will be seen, that the water power created by the construction of the canals constitutes an important interest, which if properly husbanded will be a source of considerable income, and of great benefit to the community. The direct revenue derivable from this source is not all. By the employment of this power in manufacturing, the freights of the canal will be greatly increased, and thus the profits of the work, indirectly augmented from this source. It is not supposed that the whole amount of this power can be brought into use at once. It should be offered for sale or lease very gradually, and with strict reference to the wants of the country and its capabilities for sustaining manufacturing establishments. A contrary course would destroy competition and cause a sacrifice of the public interest. It may be reasonable to suppose that within 10 years one third or one half of this whole power may, if the country is prosperous, be employed in manufacturing with profit to the lessees and benefit to the country, producing also a handsome revenue to the state.

In cases of this kind, where the water power belongs to the state, there is always a strong tendency to underrate its value, and to induce the state to part with it without a just compensation, against which the Board feel it to be their imperative duty to guard. Individuals, owning the ground where a lock or dam may happen to be located, sometimes refuse to co-operate with the state in bringing the power into use, except upon terms which would secure to themselves a monopoly of water, without paying the state any just equivalent. Applications are frequently made from individuals so situated for a lease of the power on their own ground upon such terms as they may prescribe. A claim of this kind if allowed in one instance by the legislature, becomes a precedent for another, and thus the evil would be likely to increase, until this branch of our resources would be rendered comparatively valueless. And as the only means of guarding against this tendency, the Board would beg leave respectfully to suggest to the legislature a strict adherence to the policy embraced in existing laws on this subject of interdicting the leasing or the use of any water power by any arrangement whatever until the ground on which such water is to be used shall become the property of the state, either by purchase or otherwise. If this policy be rigidly adhered to, until it be received as the established policy of the state, the prospects of individuals of obtaining a monopoly of the water power will be cut off, and as a consequence of the difficulty of making purchases of ground at fair prices for the use of the water, will be measurably done away.

The expectation of becoming themselves possessed of the water power at a future period, at a very low rent, has doubtless, in some instances, influenced the owners of the ground, on which alone the water could be used, to decline selling such ground to the State, even though a price equal to twice the value thereof has been offered them.

At the same time that the strictest regard should be paid to the security of private rights, and while full compensation should be made by the State, for all property required for public use, it is nevertheless believed to be incumbent on those charged with the prosecution and management of the public works, to guard with the utmost vigilance, the general interest to protect the State as far as may be in their power from unjust exactions for individual benefit, and to have a constant regard to the future productiveness of the improvements. As the construction of the canals will create a considerable debt, for which the whole people of the State are responsible, it is manifestly proper that every source of income growing out of these works, should be carefully husbanded, and provided for with a view to the benefit of the State, rather than to individual accommodation.

When the title to the ground necessary to the use of the water, becomes vested in the State, the power can be brought into market as the public interest may require; a healthful competition can thus be secured by giving a general notice of the sale, and the privilege based at a fair price, and to persons who, from their acquaintance with manufacturing, are competent to improve it in a manner most beneficial to the country, and thus the interests of the State, as well as of the neighborhood in which such power is situated, will be most effectually subserved.

The board, in conclusion, beg leave to add that they are not aware that any further legislation is required on the subject of the water power, other than that suggested in their annual report, in relation to the procurement of ground for its use, to which they would respectfully refer.

Respectfully submitted,

THOS. H. BLAKE,
Pres. pro tem. of the Board.

Thomas C. Johnson to Wallace[1]

[February 12, 1838]

The State of Indiana,
Owen County, Sct.

I Thomas C. Johnson Clerk of the Owen circuit court do certify, that George E. Tingle has resigned the Office of Associate Judge of the said court, in consequence of which there is a vacancy, to be filled by election to be ordered by the Governor.[2]

Given under my hand and the seal of the said court the 12th day of February, A. D. 1838.

T. C. JOHNSON Clk.

HIS EXCELLENCY DAVID WALLACE

Governor of the State of Indiana, will pleas order an election as soon as may be to fill the vacancy of Judge Tingle resigned, as we have a *prisioner* who wishes to be let to bail and there is no Judge in our county, one of our associates being absent from the state.

Very respectfully, your obt. obt. Servant,

T. C. JOHNSON

SPENCER Feb'y 12th 1838.

[Endorsed:] Owen Cty order for Election Ass Judge Issued Feb. 20 1838

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Tingle had been commissioned associate judge on November 14, 1836, to fill out the term of Alexander Eason, deceased. John Conn was elected in Tingle's place to fill out the remainder of Eason's term, which would expire in 1840. Election Returns, April, 1838, in Archives Division.

Lewis G. Thompson to Wallace[1]

INDIANAPOLIS 13 Feb 1838

TO HIS EXCELLENCY GOV WALLACE

SIR an act having pass both Houses of this Genl Assembly Organizing the cty of Whitley, You will please appoint Richard Boughon of sd sd Cty as sherrif, and fix the first Monday in Aprill for Electing the Township & Cty officers of sd Cty[2]

Respectfully

L. G. THOMPSON

HIS EXCELLENCY GOV WALLACE

[Endorsed:] Appointed Feby. 16 1838 David Wallace

Wallace to the Senate: Veto Message[1]

EXECUTIVE DEPARTMENT, February 15, 1838.

TO THE PRESIDENT OF THE SENATE:

I herewith return to the Senate for its re-consideration, a bill No. 40, entitled "an act to incorporate a certain company therein named," agreeably to the request of the Senate contained in its resolution of the 10th instant.

The views of the Senate as expressed in the preamble to said resolution, renders it entirely unnecessary, for me to assign any reason why I should not put my signature to this bill.[2]

DAVID WALLACE.

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] The act organizing Whitley County was signed by the Governor on February 17; it was to become effective on April 1. The county had been formed three years earlier from territory attached to Allen and Elkhart counties; Thompson, as representative from Allen County, also represented in part the settlers who had moved into the new county.

---

[1] *Senate Journal,* 1837-38, p. 732.

[2] A bill to incorporate the Evansville Trust Company, which passed the Senate on January 30 and the House on February 8, 1838. After it had passed both houses, the Senate discovered it contained provisions that would make it unconstitutional, and asked the Governor to withhold his signature. *House Journal,* 1837-38, pp. 519, 568; *Senate Journal,* 1837-38, p. 662. The Senate resolution did not state why that body considered the bill unconstitutional.

Treasurer of State to Wallace[1]

TREASURER'S OFFICE
INDIANAPOLIS, 31st May 1838

SIR—I have just received from the secretary pro tem. of the Lawrenceburgh and Indianapolis Rail Road Company a copy of an order of the board of directors of that company asking the appointment of commissioners in several [counties], to value real estate to be mortgaged to the company, to be afterwards assigned to the state, with a view of obtaining state bonds, under 25th and succeeding sections of the Improvement act of 1836.

As the credit of the state, in this case, was manifestly granted to that company with a view of making the rail road contemplated by the charter, and for no other purpose; and as by the company's report made to the last General Assembly, it appears that the company has now on hand loaned at interest, nearly $200,000, the avails of lands heretofore obtained of the state, and that the operations on that work have been suspended, and to be resumed (as stated in the report) only upon contingencies not likely soon to happen: it has occurred to me that the company have no just claim for any additional amount of state bonds at present; and that it is my duty under all the circumstances, to postpone all action upon this matter until the next session of the General Assembly.

Desiring, however, to discharge my duty on this subject, with a proper regard to the rights and interest of the state and of the company, having in view the intention of the law and the circumstances surrounding the case, I desire you will have the goodness to give me your advice, as the Executive of the state, upon the propriety of the course above suggested in regard to the postponement of the matter until next winter.[2]

Very respectfully, Your Obt. Serv't,

N. B. PALMER, Treasurer of State

TO HIS EXCELLENCY, GOV. WALLACE

---

[1] *Documentary Journal,* 1838-39, No. 34, p. 638.

[2] See Wallace's reply, printed below.

Wallace to the Treasurer of State[1]

EXECUTIVE DEPARTMENT,
June 13th, 1838

SIR: Your communication of the 31st May, 1838, is before me, asking my advice as the Executive of the state, on the subject of the recent application made to you by Lawrenceburgh and Indianapolis Railroad Company, for the additional amount of state bonds contemplated by the Internal Improvement act 1836. The answer to it has been delayed in consequence of my absence from town for several days past. I am satisfied after mature reflection, that the determination you have come to concerning this business is strictly correct; and that you owe it to the people of the state, in the faithful and vigilant discharge of your duties, to decline acting on this application until the meeting of the next Legislature. I cannot see, for my part, what grounds such a step would give the company to complain of you. Public faith will not, surely, be violated by it; the company cannot sustain any injury from it; for, by their own shewing, they have now in their hands 200,000 dollars of the state's money unexpended, and in addition to which they declare, that they have suspended operations on the road, and intimate strongly that they will not resume them but upon contingencies, which may or may not happen. Where, then, it may be asked, with the utmost propriety, is the necessity for giving them more money? Will it not be time enough to furnish the additional funds when the company shews a bona fide want of them to further the prosecution of the work? I have no hesitation in saying that it is; and that good faith, honesty and fair dealing demand the existence of such a want to authorise, or rather justify you to act in the way desired.

It may be urged, perhaps that you have no right to enquire of the company what their intentions are. Grant it: but then you are not bound to take notice of their intentions when they, uncalled for, solemnly declare and publish them to the whole people through the medium of our legislative proceedings and journals? I have no doubt of it, and I have no doubt furthermore, that were you to close your eyes to such declarations so made and published, you would properly and justly subject yourself to the charge of wilful and reckless negligence in the discharge of your duties.

---

[1] *Documentary Journal,* 1838-39, No. 34, pp. 638-39.

My advice to you, therefore, under all the circumstances, is, to postpone acting on the company's application until the matter can be laid before the next Legislature.[2]

Very respectfully, I am Sir, Your Obt. Serv't,

David Wallace

N. B. Palmer, Treasurer of State

---

[2] The Lawrenceburgh and Indianapolis Railroad Company had been chartered in 1832 for the purpose of constructing a railroad between these two points; work was to commence in three years, and be completed in twelve. The corporation was in no wise, either directly or indirectly, to engage in any kind of trade. When the internal improvement bill of 1836 was passed, the Lawrenceburgh and Indianapolis Railroad was made a part of the "system" and the company was allowed to use the credit of the state to obtain funds for the prosecution of the work to the amount of $500,000. Bonds of the state were to be issued to the company for the sole purpose of obtaining money to construct the work for which the company was chartered; to use the money for any other purpose would be a violation of the statute and a fraud upon the state.

At the following session of the legislature the judiciary committee of the Senate, to whom this correspondence and other documents were referred, reported that the company had in 1836 obtained upon the credit of the state the sum of $221,000 (see above, 89), but instead of using this for construction purposes, $178,000 of it had been lent to individuals. The only construction work being carried on was that in the town of Lawrenceburg. This was very expensive and of no utility without the completion of other sections. The committee commended the State Treasurer for delaying the appointment of appraisers. In their opinion the company had forfeited all claims to the issuance of any more state bonds until, instead of using their money to relieve the distress of stockholders for their private benefit, they proceeded to construction of the railroad. *Documentary Journal,* 1838-39, No. 25, pp. 526-28.

Work on the road did not proceed, and it was not until the late 1840's that interest in it was revived. Construction was taken over by a private company in the early 1850's. It is now a part of the Big Four system. Maurice Murphy, "The Big Four Railroad in Indiana," in *Indiana Magazine of History,* 21 (1925) :160-87.

Daniel Ballenger to Wallace[1]

WABASH 21th June A D 1838

TO HIS EXCELLENCY DAVID WALLICE Govenor of the State of Indiana—

DEAR SIR this note will inform you that I have resigned my office as Associate Judge of Wabash County Indiana— My quelifications for this office in my opinion are not sufficient & I have no time to read Law— My duties as one of the Judges of the Eight Judicial Circuit have become burthensome— Therefore I hope your Honor will exept my resignation and order an Election for some more suitable Person to fill my vakency[2]

Your obedient servint

DANIEL BALLENGER

D WALLICE G. Ia

[Postmarked:] Treaty Ground June 22, 1838

[Endorsed:] Order an Election for associate Judge for Wabash County in place of Danl Ballenger resigned—July 17 1838 D WALLACE

Patrick Shields to Wallace[1]

[June 28, 1838]

SIR It has become my duty to Resign the trust reposed in me, as one of the Associate Judges of Floyd County[2]

pleas receive this my resignation and warmist thanks

I remain with due respect your humble servant

PATRICK SHIELDS

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Ballenger and Daniel Jackson had been elected the first associate judges of Wabash County on May 4, 1835, and commissioned on the 28th of that month. Wilson B. Barlow was elected in August, 1838, to fill out Ballenger's term. Election Returns, Archives Division.

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Shields had been serving as associate judge of Floyd County since 1827. Earlier, he had filled the same office in Harrison County. *Executive Proceedings, 1816-1836,* Index. He was born in Virginia in 1773, attended Hampden-Sidney and William and Mary colleges, and came

NEW ALBANY FLOYD COUNTY INDIANA;

June 28th 1838

No News, but Warme Electionneering I am afraid our state interests will be left out of view by the all absorbing party question Vanburinism Subtreasury Specia System

[Addressed:] His Excellency David Wallace Govr of Indiana Indianapolis

[Endorsed:] Order an Election for Associate Judge for Floyd County—in place of Patrick Shields resigned. July 17, 1838 D WALLACE

Jesse L. Williams to James B. Johnson[1]

INDIANAPOLIS, July 5th, 1838

DEAR SIR:

I had designed having a further and more free conversation with you before you left this, some few days since, on the all important subjects connected with the progress of our public works, but did not find time.

In common with yourself and several other members of the board, I cannot but regret most deeply the departure from the original policy of the friends of internal improvement, which has been gradually brought about, and which is carried out by the late advertisement for lettings on the several works. This order for contracts not only provides for carrying on all the works at once, but it goes further than this, and on some of the lines seems almost to countenance the idea of constructing every part of every work at the same time. This scattered operation

to Indiana Territory in 1805. The *National Cyclopedia of American Biography* (Vols. I—, New York, 1898——), 13:174; William H. Roose, *Indiana's Birthplace. A History of Harrison County, Indiana* (New Albany, Ind., 1911), 11-12. He lived another ten years. Tombstone inscription, Fairview Cemetery, New Albany. Francis Moore, Sr., was elected September 15 1838, to succeed Shields. Election Returns.

---

[1] *Documentary Journal,* 1841-42, Senate Doc. No. 6, pp. 531-33. Williams was chief engineer for the Board of Internal Improvement; Johnson was one of the members of the board.

was never contemplated by the original proprietors and advocates of a general system of internal improvements. A reference to the writings of that day will prove this. Nor did the idea of letting detached portions of works in the middle of a line, receive any countenance in the first report of the board. For although the first lettings at this place and at Terre-Haute, are thus situated, yet the board refer to these two lettings as deviations from their general policy, for which they give some special reasons. As to their general policy, they distinctly avow their intention "to put such portions under contract as in their opinion would be soonest productive to the State, and at distances so remote as not to interfere with one another in the price of provisions and labor; and further that the same when completed should be useful and available works, in case war or some other contingency should arise to suspend further operations."

The late order for lettings goes also to scatter the funds much beyond what was contemplated by the present executive in his inaugural address. In describing the plan of operations which he recommends, he says, "It is to concentrate the means of the State on portions of each work, at the same time commencing at the most profitable and commercial points, to be designated by the legislature, or the board of internal improvement, to complete these portions respectively, before others are touched, and as soon as completed put them into use, in order that the State may be realizing something from them, while in the act of finishing the remainder." The late executive (Gov. Noble) likewise in the view taken of this subject in his last annual message (which it has always appeared to me was too hastily rejected by the supporters of the improvements) advocated a concentration of the operations in still stronger terms.

The plan of operations which I am opposing cannot be approved by the sober judgment of reflecting men. The evil resulting from it are too obvious to need recital. Instead of carrying on the improvements with a view to the earliest receipt of tolls, which certainly was the original design, it is expending the fund in some instances so that neither revenue to the State, nor any lasting benefit to the people can be derived until the whole work is completed. Of course I am not objecting to those detached lettings which are sometimes necessary for the purpose of embracing the heaviest jobs, or to obtain feeders required for the navigation of any particular division.

But the cause which produced this change of policy may be inquired for. If permitted to assign a reason, I should attribute the evil chiefly to that unfortunate feature in the original improvement law, which as it has been construed, seems to constitute each member of the board a representative of the particular work on which he may be located. The citizens residing along the several lines, in the middle as well as near the termination, very naturally desire a commencement of the work in their vicinity; they urge their views upon the attention of their commissioner, and considering him in some respects at least, as their representative in the board, expect him to carry out their wishes.

If I am correct as to the leading cause of the error, the remedy against its repetition is obvious. Let this representative feature be stricken out of the law and the board placed upon more independent ground, and made in fact as well in name a State Board.[2]

The many important questions growing out of the construction and management of the public works will make the station of a member of this board, one of the most responsible and important in the State. Much of good or evil to the State must at all times depend upon their action. To guard properly the public weal against the influence of sectional and neighborhood interests, will require that the board be placed upon high and independent ground. At the same time that the board is held to a proper accountability to the legislature, it should be so constituted that it may act regardless of neighborhood excitements, when the interests of the State require it. Such are the respective boards of Ohio, New York, and Pennsylvania, by whom the public works of these States have been so successfully conducted. And it was such a board I am sure, that was had in view by the original advocates of the improvement system in this State. I know of no

---

[2] Governor Wallace made this same recommendation in his message to the legislature the following December. See below, 163-64.

State where the representative principle is adhered to in the organization of their board of public works, excepting Indiana and Illinois.

You will observe that this suggestion does not necessarily involve a reorganization of the board. If the laws were changed the board would stand in a different attitude, and would doubtless pursue a policy quite different. I cannot be mistaken in supposing that the unbiassed judgment of every member would lead him to act as you have always acted, in favor of concentrating the operations.

It has been suggested that the interior counties would demand a continuation of this policy of making detached lettings—that they would claim an immediate participation in the advantages resulting from the expenditure of the money, &c. I trust this is not the case. There is a degree of eagerness in the public mind to have every great object accomplished at once, which must be restrained or the public interest will suffer.

From a careful investigation of this whole subject taking the improvements as they are, and looking to the future as well as the present, two prominent measures of State policy present themselves as essential at this time as well to the maintenance of the credit of the State abroad as to inspire confidence at home. The first of these has already been brought to view in the foregoing remarks. It is to direct the energies and the means of the State for some time to come, chiefly to connecting and bringing into use the several portions of each work which have been commenced, and to extending further into the interior those which will be most profitable, and which are more immediately required by the actual business and intercourse of the country. This policy I have no doubt your board are ready to adopt and adhere to, if relieved from their local responsibilities growing out of their representative character. The other measure alluded to is that of making provision for raising prospectively an annual revenue for internal improvement purposes in addition to that which may be derived from the works themselves or from direct taxation. A gradual increase of the stock of the State bank, so far as it may be increased with out bringing upon the State the evils of a redundant circulation, will no doubt present the readiest resources for raising this additional revenue.

With the consumation of these measures, and with judicious management of every interest connected with the improvements, the finances of the State may be preserved in a healthful condition, her character sustained and elevated, and the ultimate and entire completion of her great enterprise secured.

Very respectfully,

J. L. WILLIAMS

J. B. JOHNSON, member board internal improvement

Commissioner of the General Land Office to Wallace[1]

26 July 1838

SIR, I have had the honor to receive your letter of the 20 ulto respecting the Wabash and Erie Canal grant[2]

In referring to the fact of the extension of the Canal to a point on the Wabash River at Terre Haute, you remark that by reference &c I will "see that the state has under this act of Congress" (act of March 2d 1827) "made selections of land in part only for that portion of the Canal lying between the Ohio State line, and a point at or near the mouth of Tippecanoe river, leaving yet to be selected for all that part of the Canal between the Tippecanoe and Terre Haute," and you request that I will "direct the respective Registers of Land Offices" in Indiana, upon your "filing in their offices a schedule of the lands" you "may select to suspend the same from sale until the question of the state's right to them shall be finally determined."

My attention having been called by the President of the Board of Public Works and by others to this claim on the part of the state to make additional selections under the said act in consequence of the extension of the Canal,[3] I declined acting in the premises for the reasons presented in my letter of the 11th April last, a copy of which is enclosed, to the Hon John Tipton and the Hon O H Smith senators from Indiana, until I could obtain the opinion of the Attorney General of the U States upon the points raised touching the construction of the statute and the question generally as to the extent of the claim of the state to make selections

---

[1] General Land Office, Miscellaneous Letters Sent, Vol. 10, pp. 33-34, in National Archives, Washington, D. C. Microfilm in Indiana State Library.

[2] Wallace's letter has not been found.

[3] Governor Noble's correspondence with the General Land Office

I prepared a communication to the Secretary of the Treasury with a view of eliciting the opinion of the Attorney General on the case and submitted it to the Indiana delegation with a letter of the 1st May last of which I enclose a copy— I received a communication dated the 16th of the same month from certain members of the Delegation, a copy of which is herewith sent, in which I was requested to suspend such reference to the Attorney General or any decision in the premises until those gentlemen could communicate with the authorities of Indiana in relation to some additional views of the question &c. The reference was therefore suspended. As however you have asked for specific action involving the validity of the claim I have availed myself of the first opportunity to act in the matter, in the great press of business consequent upon the late adjournment of Congress and have therefore this day submitted to the Secretary of the Treasury a communication for the purpose of procuring the opinion of the Attorney General on the questions referred to. On the receipt of the views of that officer such further proceedings will be had by this Office as may appear to be necessary, of which you shall be duly advised—[4]

Until the reception of the Attorney General's opinion action is therefore necessarily deferred in reference to your request that I

---

on the subject is printed in *Messages and Papers of Noah Noble,* 568-72. In his message the following December, Governor Wallace discussed at considerable length the question of Indiana's claim to additional land. See below, 171-77n.

[4] In the opinion of the United States Attorney General, as given on August 14, Indiana had no claim to additional land for construction of the canal. *House Executive Documents,* 25 Congress, 3 session, No. 32, pp. 34-37. The next move was to appeal to President Van Buren. See below, 175n.

would instruct the District officers to reserve from sale such lands as you may select

With &c

JAS WHITCOMB Comr.

John Livingston *et al.* to Wallace[1]

TO HIS EXCELLENCY GOV. DAVID WALLACE

SIR The office of Clerk of the Dearborn circuit court having become vacant by the recent death of Genl. James Dill, we have just appointed his son to fill the vacancy until a clerk is elected—

Taking all the circumstances into consideration it is highly desirable that Mr. Alexander Hamilton Dill should be suffered to remain in this office for some time to come, to enable him to settle up his fathers affairs—and having transacted the business for some time past to public satisfaction, we believe the interest of the Public will be best subserved by your not ordering an election to fill such vacancy until the regular annual election with respect yours &c[2]

August 20th 1838 JOHN LIVINGSTON

---

[1] Secretary of State file, Archives Division, Indiana State Library. The body of the document is in the handwriting of either James or Alexander H. Dill. Realizing that he did not have long to live, James Dill may have written the request to aid his son.

[2] James Dill had been the veteran officeholder of the state, having served as clerk of Dearborn County since 1813. His death occurred August 10, 1838, after serving six months of a new term that was due to expire February 14, 1845. See sketch of Dill in *Journals of the General Assembly of Indiana Territory, 1805-1815 (Indiana Historical Collections,* Vol. 32, Indianapolis, 1950), 966-69.

Governor Wallace also received a petition signed by several hundred citizens of the county stating it was "his absolute duty" to issue a writ for an election. He did so on October 1, the election to be held the following month. It was not until January 26, 1839, that Alexander H. Dill, as clerk pro tem. certified the election of William V. Cheek on November 26, 1838; he asked that the certificate be shown Governor Wallace for his inspection before forwarding the commission. The commission was issued February 1. Cheek was to serve the remainder of James Dill's term. Election Returns and Record of Commissions issued by the Executive, 1837-1845, in Archives Division, Indiana State Library.

I believe the public interest will be as well consulted by the above delay as if the election were sooner ordered.

M. C. EGGLESTON

We concur in the above opinion

DUNN & SPOONER
CHARLES H TEST
DANL MAJOR[3]

Abel C. Pepper to Wallace[1]

OFFICE SUPERINTENDENT EMIGRATION OF INDIANS,
LOGANSPORT, August 26, 1838

SIR—From information derived from the late report of Gen. Morgan assistant superintendent, and other sources of undoubted respectability, I am fully satisfied, that the temper and conduct of the Indians and white men on the late Pottawatamie reserve at Yellow river, manifest hostile feelings and portends hostile action, which there is too much reason to fear will eventuate in the shedding of blood. To prevent which, I have to request that your Excellency will authorize some capable and efficient officer or citizen, to accept the services of one hundred volunteers, and to furnish him with such orders and instructions as to your Excellency may seem expedient and proper.[2]

I am, sir, very respectfully, Your Excellency's ob't serv't,

A. C. PEPPER,
Indian Agent and Superintendant

HIS EXCELLENCY, DAVID WALLACE, Governor and Commander in Chief of the Militia of the State of Indiana

[3] Livingston was probate judge of Dearborn County, Eggleston was presiding judge of the circuit, Test had been presiding judge in another circuit, and Major was notary public in Dearborn County. See *Executive Proceedings, 1816-1836,* Index.

---

[1] *Senate Journal,* 1838-39, p. 715.

[2] See below, Pepper to Wallace, October 2, 1838, and the reference to the removal of the Potawatomi made by the Governor in his message, 180-81.

Beale Butler to Wallace[1]

INDIANA WAYNE COUNTY the 10th of the 9th mo 1838

FRIEND DAVID WALLES GOVERNOR OF THE STATE OF INDIANA

After my Respects to thee I must inform thee that for Good Reasons best none to my self I resine all pretentions to the office of Asociate Judge for Wayne County,

thine with Respect

BEALE BUTLER[2]

[Endorsed:] Issue a writ of Election to Wayne County f[or] to elect an associate judge for the county—Septr 18th 1838 DAVID WALLACE

Abel C. Pepper to Wallace[1]

OFFICE SUPERINTENDENT EMIGRATION OF INDIANS,
LOGANSPORT, October 2, 1838

SIR: I have the honor to report that the authority given to the Hon. John Tipton, to accept the services of volunteers to fulfil the object of my requisition upon your excellency of the 26th of August, 1838, was executed by him in the organization of the force required, and in its subsequent command, in a skilfull, discreet, energetic, and efficient manner.

Your excellency's purpose in complying with the requisition, it should be known, was to prevent an apprehended collision between the white settlers and the Indians, on the late Pottawattamie reserve, which was threatened by the language and conduct of both.

Previous to the arrival of the volunteers at the chapel, on the 29th of August, I had assembled two or three hundred old men and warriors, and was sitting in council with them, when Gen. Tipton and the force under his command reached the place. I

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Butler had first been elected associate judge in 1829 to fill a vacancy, then was re-elected in 1830 and in 1837 for seven-year terms. David Hoover was elected October 22, 1838, to fill out this second term.

---

[1] *Senate Journal*, 1838-39, pp. 730-31.

had explained to them that an attempt on their part to resort to violence against their white neighbors, would be attended with fatal consequences to themselves. I had urged the chiefs and head men to control the conduct of their young men, and prevent them, if possible, from committing any acts of violence; and promised, that as far as my authority and presence would prevent it, the white men should not be the first to raise the tomahawk.

The chiefs replied with great apparent sincerity, that it was their wish to be at peace and to prevent blood shed, but they had not the power to control their young men; and they feared, if I did not remain with them all the time, some mischief would be done. I told them that official duties required my presence in the states of Illinois and Michigan, as well as in Indiana, alternately, and that it would be wholly inconsistent with the discharge of those duties, for me to remain many days with them.

At this stage of the council Gen. Tipton arrived, and upon my requesting the Indians to listen to what he would say to them, he addressed them in a speech of considerable length. After the conclusion of his speech, and the replies to it by several of the head men, it became apparent to me that nothing could prevent serious difficulties between the contending parties, but the removal of the Indians from the lands claimed by white men as preemptioners under the late law of Congress.

Gen. Tipton concurred with me in the above opinion, and by his co-operation and skilful efforts, aided by the good conduct of the volunteers confided to his command by your Excellency, all the Indians except three or four fanatical old men, were induced to give their assent to an immediate removal to the country assigned to them by the United States west of the Mississippi.

Gen. Tipton having reported to you his operations under your authority,[2] in detail, it would seem unnecessary that any thing more should be added, except that the public interest, peace, and security of the citizens of Indiana, as well as the future welfare of the Indians, seemed to call loudly for the measures adopted by your Excellency, and executed with signal success.

---

[2] See below, 180-81n.

Herewith I have the honor to transmit a copy of Mr. Waters' statement in writing, relative to the bad temper of the Indians, as manifested by the attack made upon his house.

I am, sir, very respectfully, Your Excellency's Obedient servant,

A. C. PEPPER, Superintendent

HIS EXCELLENCY, DAVID WALLACE, Governor and commander in chief of the militia of Indiana

[Enclosure][3]

MENOMINIE'S VILLAGE,
August, 1838

GEN. A. MORGAN, ASSISTANT SUPERINTENDENT

SIR—In answer to your request that I should state to you in writing what I had heretofore stated verbally, concerning the assault made on my house in the night time, by the Indians, I certify, that I am one of the many who have settled on what is commonly called "Menominie's Reserve." And previous to any serious disturbance between the settlers and the Indians, a number of the Indians in the night time came to my house and attempted to get in. I forbid them and braced my shoulders against the door, and handed them tobacco, to pacify them. They yelled and made much parade—taking my axe, forced it into the door shutters, and retired. I do not recollect the precise day. It was immediately previous to the first wigwam being burned.

(Signed,) JOSEPH WATERS

Attest, J. B. Duret, Jer. Grover, Adam Vinneage, W. H. Osterhot, Jeremiah Muncy.

---

[3] *Senate Journal,* 1838-39, p. 717.

George Cline to David Wallace[1]

VALPARAISO, November 12th 1838

HON. DAVID WALLACE, GOVERNOR OF
THE STATE OF INDIANA,

SIR Having been elected at the August election for the year 1838 to Represent the counties of Porter & Lake in the next Legislature of the State of Indiana, and having omitted to Resign my commission that I then held as sheriff of Porter County, believing that it was not necessary in as much as my term of service was about to expire, and having since fully satisfied myself that it is a duty imperiously injoined upon all Commissioned officers, who are commissioned by authority of the State of Indiana, before they are entitled to a seat in either branch of the general Assembly of Indiana, to Resign their Commission previous to their Election.

I therefore tender to you the Resignation of my seat as such Representative which you will please to accept and cause an election to be held immediately to fill the Vacancy.

With due Respect Your Most Obdt Servt

GEORGE CLINE

[Endorsed:] Accepted Nov 19th 1838 Issue writ of Election to the Counties of Porter & Lake to Elect a Representative for those counties—to fill the vacancy made by the resignation of Geo. Cline—and from the day on the 1st Monday in December next—Nov. 19, 1838.[2] D. WALLACE

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] The return of this election has not been found, but Cline was apparently re-elected as he was sworn in as representative on December 14, 1838. *House Journal,* 1838-39, p. 111. Charles G. Minnick had been elected sheriff at the August election in 1838 and was commissioned August 27. Election Returns, August, 1838, Archives Division, Indiana State Library.

Wallace to Committee on Arrangements for Opening Madison and Indianapolis Railroad[1]

INDIANAPOLIS, Nov. 23, 1838

GENTLEMEN—I regret exceedingly that it will not be in my power to participate with you in the festival to be given on the occasion of opening the regular trips of the cars on the Madison and Indianapolis Rail Road.[2] The near approach of the session of the legislature, and the duties devolving upon me in consequence thereof, forbids me the pleasure of being one of your number on so signal and glorious event.—But though absent, be assured that I shall be with you in heart and in sentiment, and shall exult as sincerely over this first display of Indiana energy and enterprize as if I were personally present. The citizens of Madison are right—right in the strictest sense of the word. They have indeed, achieved a transcendant victory, and have resolved as I think most appropriately to celebrate it. They have been battling long and manfully for the improvement, not simply of their town, but of their country, and of their state; they have stood forth unshrinkingly in the front line of the contest from the beginning; and now, that the dawn of success is bursting upon them, why should they not be among the first to send up the thrilling shout of triumph, to cheer and animate their co-laborers in other parts of the field! That shout, believe me, will cheer and animate them; and will, I confidently predict be responded to, from other points in tones as deep, as loud, and as spirit-stirring.

---

[1] Indianapolis *Indiana Journal,* December 15, 1838.

[2] The celebration heralded the opening of the Madison and Indianapolis Railroad as far as Graham's Fork, a distance of seventeen miles from North Madison. A locomotive, purchased from Baldwin & Company in Philadelphia, was shipped by way of New Orleans, but when the carrying ship ran into a storm, the locomotive was thrown overboard. Not wanting to disappoint the guests invited to the celebration, a locomotive was borrowed from the Louisville and Portland Railroad Company at Louisville. It was sent by boat up the Ohio River and then hauled up the Madison hill by five oxen. On the day of the celebration, the more important of the guests were given a ride to the end of the line and back, after which a banquet was served in Madison. Sappington, "The Madison and Indianapolis Railroad," in *Indiana Magazine of History,* 12(1916):236-42.

Permit me, Gentlemen, through you, to present to the citizens of Madison, my humble thanks, for their tender of hospitality on this occasion of their Internal Improvement Jubilee—for the many acts of kindness and friendship which I have received at their hands, and the firm assurance of my warmest wishes for their continued success and prosperity individually and collectively.

With great respect, Believe me, Gentlemen, Your friend and ob't serv't

To the Committee, &c. DAVID WALLACE

Wallace: Message to the General Assembly[1]

[December 4, 1838]

GENTLEMEN OF THE SENATE, AND OF
THE HOUSE OF REPRESENTATIVES:

You have been sent up to this place, by the people of Indiana, charged with the execution of most important trusts. The great interests of the State, be they civil or political, are almost exclusively in your keeping; and never before—I speak it advisedly—never before, have you witnessed a period in our local history that, more urgently, called for the exercise of all the soundest and best attributes of grave and patriot legislators than the present. Extreme prudence and foresight—frugality and economy—decision and energy—promptness and perseverance, should unquestionably mark the whole tenor of your future conduct and legislation; for it is by these only that success can be insured to our splendid enterprizes—a speedy and adequate realization of profit to our many burthens and expenditures, and above all, an unabated confidence in our own ability and resources. The truth is—and it would be folly to conceal it—we have our hands full—full to overflowing! and therefore to sustain ourselves—to preserve the credit and character of the state unimpaired, and to continue her hitherto unexampled march to wealth and distinction, we have not an hour of time, nor a dollar of money, nor a hand employed in labour, to squander and dissipate upon mere objects of idleness, or taste, or amusement. On the contrary, we have the most pressing need for the whole of them; nor this only, we require that they should be concentrated as much as possible, and skillfully and energetically applied to the great business in hand. If such a result can be brought about—and I see nothing but the illiberal opposition of local or individual interests to prevent it—I have no hesitation in saying that Indiana is still safe, and that she must and will ultimately triumph.

---

[1] *Senate Journal,* 1838-39, pp. 8-27; *House Journal,* 1838-39, pp. 14-35. Editorial comment on the message varied greatly, according to the politics of the editor. The Madison *Courier* described it as a "lucid, business-like document, free from that labored effort at official pomp and style." The Governor "unrolls the political map of our State before us, carefully presenting . . . its darkest features, and after allowing sufficient time for contemplation, exhibits the fairer portion. . . ." To the editor of the *Indiana Democrat,* it was the most miserable production ever delivered in any state in the Union. "The style . . . is wretched, even puerile, and the minute calculations must have been formed upon a deep and close application to *Little's* Arithmetic." He then went on to criticize it paragraph by paragraph. Madison *Courier,* quoted in Richmond *Palladium,* December 29, 1838; Indianapolis *Indiana Democrat,* December 8, 15, 1838.

To make these things sufficiently manifest, it seems to me, both right and proper, that we should attempt here what some perhaps would call a species of political reckoning: in other words, that we should carefully endeavour to cast about us in view of approaching difficulties, to ascertain, if we can, our true position, the exact measure of our strength—embracing as it must the full extent of our several means and resources. Such an exhibit, it is very evident will, better than any thing else, prepare the people to act with the necessary prudence, to decide upon the best measures, and to fortify themselves, and the state, most successfully against the severest shocks of any and every trial.

In the prosecution of so desirable a scheme let us, ere setting out, accurately determine, first, what the present liabilities of the state amount to; and, secondly, what sums must be annually raised to meet or liquidate the demands accruing therefrom. By referring to the reports of our canal fund commissioners we learn that the state has borrowed for internal improvement purposes up to the first of January last, three millions eight hundred and twenty seven thousand dollars: one million three hundred and twenty-seven thousand for the Wabash and Erie canal, and the remaining two and a half millions for the benefit of our other works. Upon the whole of this sum, with the exception of a hundred thousand dollars, the state pays an annual interest of five per cent.—for the hundred thousand she pays six per cent.—which makes her interest account alone, for 1839, amount to one hundred and ninety-two thousand three hundred and fifty dollars. This therefore, in part, furnishes an answer to our second query, inasmuch as this is the sum to be provided for and paid by the state, not only for the coming, but for many succeeding years. With this knowledge before us, the question—the important question! forcibly presents itself, what provisions have we or our predecessors made to enable us to discharge so considerable a burthen? Independent of taxation, I confess that I can name but two items: first, the interest arising from the balances due upon the sales of canal lands; and, secondly, the proceeds of the third instalment of the surplus revenue; both amounting to not more than forty-five thousand dollars, which subtracted from the one hundred and ninety-two thousand three hundred and fifty dollars, leaves a deficit of one hundred and forty-six thousand eight hundred and fifty dollars to be levied out of, or charged upon, the pockets of the people.

If this developement does not startle or astonish, it should at least, it occurs to me, wake us up to a lively sense of the critical peculiarity of our situation, and of the absolute necessity of our directing more of our immediate attention and study to our financial operations than we have hitherto done. It may be asked, and with the greatest propriety too, is it possible that the sum of forty five thousand dollars is all that our means, exclusive of taxation, is capable of producing, or of being applied to the extinguishment of our yearly burthens? To answer this question satisfactorily it is requisite that we should examine facts. On the first of January last, the state had sold canal lands to the amount of 546,804 dollars—368,000 of which remains in the hands of the purchasers, subject to an annual interest of six per cent, leaving, however, 178,804 dollars together with 22,070 dollars, the purchasers' interest for 1838, in the possession of the state for investment.

The state had also received from the Treasury of the United States 860,254 dollars—three-fourths of her share of the surplus revenue—making in all, 1,429,128 dollars. This sum, therefore, I take it, constituted at the commencement of the present year the absolute capital capable of productiveness which the state held at her disposal; 1,061,128 dollars of which we see was money in hand, or which had been in hand. If properly invested—in bank stock for example—what should this latter sum have produced? Not less than ten per cent. or 106,112 dollars, as the operations of the bank for the same period most undeniably prove: add to this sum, the 22,080 dollars, the interest on the 368,000 dollars, and we have 128,112 dollars as the whole amount which might and ought to have been produced from the states' capital this year. Yet, so it is, when we come to close our accounts, and to pay our debts at the end of the year, we find the proceeds of this capital so disposed of, or the capital itself so managed, that we can only muster from it 45,500 dollars to apply to our internal improvement dues. It avails us nothing, I apprehend, to be told that 44,000 dollars, in addition to the 45,500, has been realized from the same capital, and distributed among the several counties of the state for school purposes.[2] Our debt has not been

---

[2] The first two installments of the surplus revenue were distributed to the counties in proportion to the number of taxable tolls. The counties, in turn, could lend the money to residents of their respective counties in amounts not exceeding $400 at 8 per cent interest, the interest payments to be used for the benefit of township schools. The third and fourth installments of the surplus revenue were to be invested in State Bank stock in the event that certain additional branches were organized; otherwise it should go to the commissioners of the Sinking Fund, to be loaned at the same rate of interest as other funds were loaned. *Laws of Indiana,* 1836-37 (general), pp. 3-14. The fourth installment was never received. See above, December 18, 1837, for a report on the amount received and its distribution.

The Senate committee to whom this portion of the message was referred took the Governor to task for his proposal to divert the income from the first two installments of the surplus revenue so that it would be used for internal improvements rather than for education. They regarded it as "impolitic and unjust" and "adverse to the interest and feeling of the mass of our population." *Senate Journal,* 1838-39, pp. 336-38. The House apparently was a little more sympathetic to the Governor's suggestion, and its ways and means committee reported a diminished by it; the same heavy deficit of 146,850 dollars still stares us in the face; and, what is more mortifying than all, the fact, the humbling fact! that by our miserable mismanagement, heretofore, there has been lost to the state, this single year, some 38,612 dollars, (the difference between 89,500 dollars actually realized, and the 128,112 dollars that might have been realized) thrusts itself upon us, whether we will or no—not to comfort, not to cheer—but to upbraid and catechise us.

And will a change of position, or the enlargement of our field of inquiry, so as to embrace within its limits the whole of the state's means, taxation, and all, better the foregoing results, or give to our affairs a more comfortable aspect? Let us see: The value of the entire taxable property of the state for 1838, as evidenced by the returns of the several assessors, amounts to about ninety-eight or a hundred millions of dollars: The sum to be derived therefrom, including 89,000 polls, according to the present rate of taxation, may, possibly reach 190,000 dollars. On the supposition then that the current expenses of the state, and the expense of collecting the revenue, will not exceed ninety thousand dollars per annum, there will be left one hundred thousand dollars to be applied to our internal improvement debt.[3] But we have seen that after exhausting all other funds, provided for that purpose, that we are behind hand with this debt 146,850 dollars —apply the 100,000 dollars to it, and still we are deficit 46,850 dollars. Now need this to have been? Look back for a moment and reflect. If our actual means had been judiciously invested and correctly applied—invested and applied as once desired, and strenuously urged, by a very respectable portion of the friends of internal improvement—what would have been the probable conditions of the Treasury at the expiration of this same year '39? Set down the 128,112 dollars, which might have been realized from the state's means, exclusive of taxation, as just shown, and

---

bill "applying that portion of the interest on the surplus revenue which is funded in the several counties, to the payment of the interest on state bonds." The bill was rejected by a vote of 77 to 19. *House Journal,* 1838-39, pp. 281-82.

[3] A tabular statement of the assessments made in the various counties for 1838 may be found in the *Senate Journal,* 1838-39, pp. 428-31.

under it the 100,000 dollars, derived from taxation, and their united sums give the true answer to the question. That is, to be more explicit, these sums show, first, that we should have had in the treasury at the expiration of 1839, 228,112 dollars; and, secondly, that instead of being minus 46,850 dollars, we should have paid our whole debt, 192,350 dollars, and had a surplus left of 36,762 dollars. Is not this difference a very striking one? It most assuredly is; and yet it is just the difference we may always look for between good and bad management. It is not necessary nor would it be proper, that I should undertake here to explain the cause of such results. I shall fully accomplish my object if I can only succeed in presenting our past errors in so distinct a light as to arouse and stimulate you to the pursuit and adoption of such measures as may most effectually avoid them hereafter. Indeed the necessity of so doing will strike you with ten fold power the moment you reflect that all our plans and operations have been framed on so large a scale, that, if we attempt to carry them forward, our present amount of indebtedness must be swelled within the short space of the next four years, up to the sum of ten millions of dollars. If, therefore, we hereafter husband our means and resources no better than we have heretofore done—if we continue to scatter and divide and dissipate them in the same wild and reckless manner, how think you shall we ever be able to meet and liquidate the increasing demands against the state, without unnecessarily pressing the people, shaking their confidence in our noble enterprize, and blasting, at once, the best hopes and the brightest prospects of state improvement.

But whilst I am thus compelled to expose so unsparingly the mistakes of the past, to draw so gloomy a picture of the condition of the present—with the moral certainty ahead of the rapid increase of debt and difficulty, things so odious to us all—I take the utmost pleasure in assuring you, as an offset to these, and as a guarantee for the future, that the ability of the state, that her means and resources, if properly disposed of, will and must continue to augment in a corresponding proportion to the demands and liabilities that we anticipate against her. Suffer me then to make this gratifying assurance evident, to marshal before you, as briefly as I can, the whole of these means, in order, that you yourselves may determine whether my opinions be well founded or not.

The first item that presents itself to be set down as constituting a part and parcel of these means, is the capital we have just been considering, amounting, as we have seen, to	$1,429,128 00
Secondly, 90,000 acres of Wabash and Erie canal lands, lying along the line of said canal between Fort Wayne and Logansport, worth, on an average, $10 per acre[4]	900,000 00
Thirdly, 294,624 acres of land more, selected and to be selected for that part of the same canal between the Tippecanoe river and Terre Haute, worth on an average not less than $6 per acre[5]	1,767,744 00
	$4,096,872 00
Fourthly, the fourth instalment of the surplus revenue, due 1st January, 1839	286,751 00
	$4,383,623 00

Does this look like bankruptcy? As though our onward career must terminate in distress and ruin? Why should it? Here is a clear unincumbered capital of at least four millions of dollars absolutely at our disposal. A capital that, invested either in bank stock or in loans upon mortgage, must net to the state not less than eight per cent., or 320,000 dollars per annum. Let the whole of this be applied to the extinguishment of our debt, and what would be the result? It would leave, to defray the entire interest on our anticipated debt of ten millions, only $180,000 dollars to be raised by taxation, or from our public works. Such being the case, let us inquire what we may set down the value of our taxable property at, by 1842, the time when our debt may probably reach nine or ten millions? This value, the present year, if

[4] These lands were included in the Indian reservations located along the line of the canal; they would come in possession of the state whenever the Indian title was extinguished.

[5] See below, 175.

the assessments had been correctly made, amounts to not less than one hundred and ten millions of dollars; by 1842, we know that six millions of acres of land must be added to the tax list, which, on the supposition that they will then average what the lands subject to taxation now average throughout the state, (ten dollars per acre,) we shall have a clear addition of about sixty millions of dollars to the present sum of our taxables. Leaving the increase of personal property out of view altogether, still the facts show that we may reasonably calculate on having in the state by 1842, 170 millions of taxable property. Even at the present rate of taxation, this amount would produce 255,000 dollars—add the tax on 100,000 polls, 50,000 dollars, and the whole revenue collectable for 1842 would be in the neighborhood of 305,000 dollars;[6] deduct 105,000 dollars for expenses of collection and the state government, and we should still have 200,000 dollars to appropriate to the sinking of our debt: more than sufficient to pay the 180,000 dollars required from taxation, or from our public works.

But the whole of these estimates and calculations, you will perceive, are based upon the supposition, that you will take immediate steps to render the foregoing means productive, by investing them as speedily as possible in the most profitable funds. To this end, therefore, I respectfully recommend that the 200,000 dollars, already derived from the sale of the canal lands be converted into bank stock; and, that the remaining unsold lands be disposed of, as early as they well can be, without endangering their sacrifice, and the proceeds, as soon as received, invested in the same way. For nothing to me can be clearer than, that so long as the state can borrow at 5 per cent., and can invest her own funds at 8 and 10 per cent., that it would be, not only the extreme of mismanagement, but the excess of folly in her, not to do it. But, perhaps, I may be told that we shall not be able to convert our lands into money immediately; that one portion of them is still unredeemed from the thraldom of the Indian title: true, but then is there no way to provide an antidote for all this? Suppose you increase the bank capital another million of dollars, and apply the profits to make good the deficiencies that may result from such a contingency, see you not how completely the object would be attained by it? Indeed I am not so certain but that this would be the better policy, even if the state could dispose of her lands now; for all I think will admit that the longer they are withheld from sale, in consequence of the rapid increase of population and improvement around them, the greater will be their value.

---

[6] The Governor's estimate proved to be lower than the amount of revenue received by the state for the year 1841-42, which was $393,248. See report of Treasurer of State, November 22, 1842, in *Documentary Journal,* 1842-43, House Doc. No. 2. The General Assembly did not act on the Governor's suggestion to convert the money received from canal lands into bank stock.

Thus far scarce an allusion has been made to our public works; the probability or improbability of receiving any thing from them, in the meantime, has formed no part of any one of the preceeding calculations. Are they to be lost sight of? Are they to be set down as nothing? Not if we are permitted to judge from present appearances. For by looking to their present state of forwardness, we find ninety miles of the Wabash and Erie canal; thirty-one miles of the White-water canal; twenty-three miles of the Indianapolis division, and twenty miles of the Southern division of the Central canal; twenty-two miles of the Madison and Indianapolis rail road; and forty-one miles of the New Albany and Vincennes McAdam road, all completed and ready for navigation or use in the spring. We find, furthermore, that there are now under contract fifty-five miles of the Wabash and Erie canal; twenty-four miles of the White-water canal; forty-three miles of the Central canal; twenty-five miles of the Cross-cut canal; seven miles of the Erie and Michigan canal; the grading of twenty-seven miles of the Indianapolis and Lafayette road; fifty-three miles on the Jeffersonville and Crawfordsville road; twenty-six miles on the New Albany and Vincennes road; and four miles on the Madison and Indianapolis rail road; making, altogether, an aggregate of two hundred and twenty-seven miles of canal, rail and McAdam road completed, and two hundred and sixty-four miles now under contract; besides the dam and lock and all the improvements necessary to overcome the obstructions at the rapids of the Wabash river.[7] Facts, certainly, which most cheeringly demonstrate that let our legislative supineness, or improvidence, or mismanagement, be what they may, that neither the board of internal improvement, the engineer department, or the contractors and laborers engaged upon the works, can be charged with like defaults, or with having been wanting in any of the essential requisites of energy, or industry, or perseverance. Why if the same spirit, the same energy, and the same perseverance—with a little better management—be only kept up, we may confidently assert that by 1843, the Wabash and Erie canal, at least to Covington, if not farther; the White-water canal to Hagerstown; the Central canal from Evansville to the feder dam on White river, and from Martinsville to the Wabash and Erie canal; the Cross-cut canal; the Madison and Indianapolis rail road and the New Albany and Vincennes McAdam road, will all be completed and in full operation; besides, considerable portions of the Erie and Michigan canal; the Lafayette and Indianapolis, and the Jeffersonville and Crawfordsville McAdam roads. Can it, therefore, with the least shade of propriety, be said that nothing can or ought to be expected from them in the mean time; in a word, that they are to be only a burthen and an expense to us? Strange if it would!

I have now finished, as briefly as I could, what I promised in the beginning—to endeavor the ascertainment of our true position—the exact measure of our strength—embracing the extent and character of our several means and resources. The facts, the conclusions, and the recommendations growing out of them, I leave with you that you may dispose of, or give to them whatever weight or consideration your better judgments may dictate. I proceed in the next place to examine the mode or manner in which our public works have been prosecuted. Unless I greatly err, the spirit of economy may be permitted to enter here and become a reformer to a very considerable extent; many useless expenditures may be avoided, and the system conducted in such a way as to render the works more speedily productive, and consequently less burthensome to the people. And here permit me to remark, that my views on this branch of our inquiry have undergone no change. The plan I suggested twelve months ago in the address I had the honor of delivering from this place on taking the executive chair I still adhere to—Indeed experience since has only confirmed me in it the more strongly. What was it? It was simply "to concentrate" (for I repeat the same language) "the means of the state on portions of each work, at the same time commencing at the most profitable and commercial points to be designated by the legislature or the board of internal improvement; to complete these portions respectively before others are touched; and as soon as completed put into use in order that the state may be realizing something from them, whilst she is in the act of finishing the remainder." Was this plan adopted? Has it been acted on? The very reverse. Cast your eyes over the map of the state, and you will find portions of many of the works under contract remote from each other, so much so that in some instances it will require the labor of two or three years to connect them together. What must be the consequence? Why that the money expended upon them must remain just so much dead capital until the connection between them can be effected. But my plan obviates these objections in a great measure. The same extent of work would be completed by it in the same time; but with this marked difference—that while the latter portions are completing, the first portions completed would be in use, gathering tolls and benefitting the country through which they pass. Am I asked to designate a course that would likely lead to such a result? To point out the steps by which a reformation can be safely effected? I propose and recommend, first, that the board of internal improvement be re-organized; that it be made hereafter to consist of but three members, to be elected by the legislature, regardless of locality or place, with a fixed salary each of fifteen hundred dollars per annum; that it be made the duty of one of them to take charge of the Erie and Michigan canal, the Wabash and

---

[7] For a detailed report on the various internal improvement projects, see the report of the principal engineer in *Senate Journal,* 1838-39, pp. 253-93. The report of the Board of Internal Improvement, December 20, 1838, also traces the progress made on the various lines of improvement. It is printed below.

Erie canal to Logansport, to superintend the sales and collection of the interest on canal lands; and, that the other two have the care of the remaining works divided between them. Give to this board also the power of employing and fixing the pay or salaries of engineers. The board as at present constituted costs the state eleven thousand four hundred and ninety-seven dollars and fifty cents; as I propose to constitute it, it would cost only four thousand five hundred dollars a year—showing, in favor of the latter proposition, a saving to the state of near seven thousand dollars per annum.[8] Secondly, that the several corps of engineers be so organized by the principal engineer that but one corps be allowed to each work. If this measure can only be carried, two important results must follow: first, a great diminution of expense to the state, and secondly, the prosecution of each work systematically. For then the board would be compelled to complete as they advanced and to concentrate the means of the state in the manner I have suggested. Had this rule been established in the beginning the scattering system, as some have called it, could never have been acted on.[9]

---

[8] An act to modify the plan of carrying on the public works, passed at this session, dissolved the Board of Internal Improvement of nine members, as of March 1, 1839, and created a new board of three members, to be chosen by a viva voce vote of the two houses of the Assembly for three-year terms. A chief engineer was to be chosen in the same manner and for the same term. The terms of the members of the first board were to be staggered.

In carrying the public works to final completion, the board was to review "the probable ultimate expense of the entire system and of each work; the resources of the state; the condition of the money market, and the market prices of the Indiana state bonds" in order to "determine the amount of money which may wisely and beneficially be expended annually . . . without affecting injuriously the agricultural interests of the state by oppressive taxation or by inducing a serious competition in the price of farming labor." The amount to be expended in any one year was limited to $1,500,000.

In deciding which works should have the priority, the board was requested "to concentrate future expenditures on such works and portions of works as . . . will best subserve the general convenience of the citizens and conduce to the agricultural and commercial improvement of the state; and as will be likely to yield a revenue to the state at the earliest day, so as to relieve the people from taxation without jeopardizing the final completion of the works." With the consent of the contractor, they could cancel or transfer contracts from one work to another whenever they considered it desirable to prevent "an unprofitable outlay of public funds." *Laws of Indiana,* 1838-39 (general), pp. 3-8.

The election for members of the new board was held February 8, 1839. Samuel Lewis, John A. Graham, and Noah Noble were elected. On drawing lots to determine their length of service, Lewis drew the three-year term, Noble, two years, and Graham, one year. *House Journal,* 1838-39, pp. 512-15.

By not designating which lines of improvement should be given priority, the General Assembly left in the hands of the board the delicate problem of dropping various works, at least for a time. They were certain of receiving criticism whatever they did.

If these measures be adopted, and the means of the state husbanded, invested, and applied, in the manner I have proposed, the state, I feel assured, need apprehend but very little danger or difficulty. She will be able, amply able, to finish her present undertakings and to do something, in the meanwhile, for that first and most meritorious work which is now so rapidly going to decay—the Michigan road. Too much money has been already expended upon this road to throw it aside entirely; besides its importance and advantage to the country at large are decidedly too great to suffer it to sink into obscurity or neglect. If, therefore, you cannot apply to it the whole energies of the state and McAdamize it at once, may you not take steps to keep it in repair—to make it passable until you shall be able to take hold of it efficiently—requiring every improvement made upon it to be made with an eye to its future completion? This, I think you may safely do, and that too, without subjecting yourselves to the obnoxious charge of extending the system.[10]

---

[9] The chief engineer was to have the immediate direction and control of the engineer corps, subject to the general orders of the board. Resident engineers would be assigned to each work. *Laws of Indiana,* 1838-39 (general), p. 6. Jesse L. Williams was elected principal engineer by the legislature. *House Journal,* 1838-39, pp. 515-16. The Aurora *Dearborn Democrat,* June 27, 1839, complained that the "aristocratic" Board of Internal Improvement was turning out of office Democratic engineers of real ability and replacing them with "federal" ones that were not as competent.

[10] The Michigan Road was built during the years 1831 to 1835 with the proceeds from a Federal land grant made in 1826. Following its completion, the upkeep of the road was assigned to those counties through which it passed. Apparently it was not taken care of, especially in the northern part, where the editor of the Richmond *Palladium* found it

The sum appropriated by the internal improvement bill to the construction of the Madison and Indianapolis rail road is now nearly exhausted; so much so that to prosecute it farther, or even with the requisite energy, an additional appropriation becomes necessary. That this will be done, I cannot for a moment permit myself to doubt. It would speak but poorly indeed in behalf either of the wisdom or stability of the state to refuse it.[11]

Having alluded to our state bank, and having repeatedly intimated that we might probably use it as an instrument to relieve the people from the threatened burthen of taxation, prudence suggests, however, before the adoption of such a measure, that we carefully scrutinize its capacity for such employment. Especially so as experience teaches us the fearful lesson that there are limits, beyond which, if banking privileges and banking operations are carried, they cease to do good and become engines of incalculable mischief. Indeed, I think, I express no more than the common sentiment of the people of Indiana, when I say, that I would much sooner submit to the inconveniencies of increased taxation

---

almost impassable. "The mails cannot be transported with any regularity, and for the greater part of the year, stages do not pretend to go at all." Quoted in Logansport *Herald,* October 19, 1837. A select committee of the Senate, after pointing out the importance of the road, reported a bill for its improvement north of Napoleon. No further action was taken on the measure. Three separate bills were introduced in the House for the improvement of the road; none of them progressed to second reading. A fourth bill, to repair the road, passed the House but was lost in the Senate. Friends of the road made a final attempt to get money for its repair by adding an amendment to a joint resolution regarding the Lawrenceburgh and Indianapolis Railroad, but this too failed. *Senate Journal,* 1838-39, pp. 153-55, 663-64, 686; *House Journal,* 1838-39, pp. 323, 366, 406, 530. For a general history of the road, see Geneal Prather, "The Construction of the Michigan Road, 1830-1840," in *Indiana Magazine of History,* 40 (1944):243-79.

[11] The General Assembly appropriated an additional $400,000 for construction of the railroad; the money was to be borrowed by the Fund Commissioners on the credit of the state in the same manner that other money had been borrowed for internal improvements. *Laws of Indiana,* 1838-39 (general), p. 77. David H. Maxwell, president of the Board of Internal Improvement, estimated the total cost of the railroad from Madison to Indianapolis, graded for a double track, with a single track laid down, at $2,407,342. Previous appropriations for the road totaled $1,050,000. *Senate Journal,* 1838-39, p. 545.

than to see the state for a single hour flooded with depreciated or irredeemable bank paper, the offspring of our own institutions. In attempting therefore to escape from, or elude the one evil, it becomes us you see to be exceedingly careful not to call down upon ourselves the other.

My recommendations would perhaps in the course of time, lead to the addition of some four millions of dollars to our present bank capital. Would this be too much? Would this in other words be more than the reasonable wants of the community require? More than would be necessary to keep up and maintain a sound and healthy action in and between the various departments of our agricultural, mechanical, and commercial interests throughout the state? For beyond this we ought not to go. In attempting to answer these questions, I confess that I find myself circumscribed by very serious difficulties. The most important facts—facts too, without which no correct decision can be had—are not within my reach; no steps having been heretofore taken either to gather or treasure them up. Who, for example, can tell me the probable amount of our exports or imports, the past or present years? Who the amount even of our agricultural produce, the bases of all our wealth, the bases upon which all sound and safe calculations, at least so far as Indiana is concerned, can alone be made to rest? No one. In truth, throughout this wide field there are but two facts observable that shed any, the least, light upon this subject; and these are the sum total of our population, and the aggregate of their wealth, all else connected with them is more or less wrapt in the mists of doubt and uncertainty. Hence the enquiry resolves itself at once into this; will a population of 700,000 inhabitants possessed of property, the estimated value of which is one hundred and ten millions of dollars, justify the establishment of a bank capital of six millions of dollars? I think they will; and it would be no difficult matter to sustain this opinion, by the experience of sound banking operations in other states, did time and the occasion permit. But lest in this, there might be error, I would recommend that the increase be gradually made, and that steps be taken in the meantime to procure the necessary information, such as I have just named, to enable you to graduate this increase judiciously, and to stop short of the limits which common sagacity and prudence may designate. For I hope never to hear it charged to Indiana that she converted her banks into swindling shops, or that she countenanced fraud or corruption, in any shape, form, or manner, whatever.[12]

By the courtesy of one of its officers—for the charter gives the executive no right to call on the bank officially for information—I have been permitted to learn that the operations of the bank have enabled her to make an annual dividend of ten per cent.; that after paying the interest on the amount of the capital borrowed—1,360,000 dollars—she has accumulated a sinking fund of 276,086 50 cents.[13] Facts certainly which connected with this other one—no less gratifying to our state pride—of the acknowledged credit and solvency of the institution, speak not only loudly in its behalf, but augurs well for it in the future.

[12] The Senate committee on the State Bank reported in favor of increasing the state's stock in the bank not only because it would aid the agricultural, mechanical, and commercial interests of the state, but because it would provide funds to pay the interest on the internal improvement loans. An act was passed authorizing an increase in the stock of $1,500,000 in 1839 and $700,000 in each of the five succeeding years, for a total of five million by 1844. The money was to be borrowed at a rate of interest not to exceed 6 per cent. The money borrowed in 1839 was to be invested in stock divided equally among the several branches, if consented to by the branches. The money so invested in stock could be lent at the rate of 7 or 8 per cent interest, depending on the length of time of the loan. The same act provided that four additional branches were to be located at the discretion of the officers of the State Bank and the branches. The capital stock of each branch was to be equally owned by the state and individuals. *Senate Journal,* 1838-39, pp. 334-35; *Laws of Indiana,* 1838-39 (general), pp. 15-17. The Indianapolis *Indiana Journal,* February 2, 1839, reported that the fate of the bill increasing the stock was problematical because of the opposition in the Senate to creating any more new branches. It was never possible to carry out the provisions of the law. For later references to the matter, see the Index under State Bank of Indiana.

[13] See Samuel Merrill's report on the State Bank, December 7, 1838, printed below. To remedy the Governor's complaint about not having the power to obtain information, the General Assembly passed a joint resolution making it the duty of all officers under the executive department, the president and directors of the State Bank, and all boards of commissioners to give the Governor such information as he might request of them. *Laws of Indiana,* 1838-39 (local), p. 359.

In addition to the foregoing items, I have also learned that the present capital of some of the branches requires no increase, while others do; that some declare a dividend often and twelve per cent., while other only divide seven and eight; circumstances evidently which should not be lost sight of when you are making provisions for the increase of their capital, or particularly when you are determining to invest the state funds in their stock. Policy and expediency both seem to dictate that these funds should be placed where they would at all times be the most available. For should the wants and interests of the state at any future period render the sale of any portion of her stock necessary, it requires not the wisdom of a Solomon to decide that stock in branches that divide ten and twelve per cent. would sell readier and command a better price than stock in branches that divide only seven and eight. The tax payer, too, unless I err most egregiously, would feel that a profit of ten and twelve per cent. on the state's capital would occasion a much lighter draw on his pockets than a profit of seven or eight. Wherefore, I would recommend, if you resolve upon such investments, that it be made the duty of the President of the state bank, and the state directors on the state board, to distribute the state stock, and to place the state funds especially where they would do the most good and produce the greatest profit. I would devolve this duty on those individuals because they can always command a full knowledge of the capacity and wants of the different branches; and above all, because they are elected by the legislature and would therefore be held more directly responsible to the people.

Now that I am on the subject of the Bank, I seize the occasion to call your attention to another matter connected therewith. In their anxiety to guard the people and the public against the evils which banks unchecked by any supervisory power are but too apt to generate, the legislature, among other things, enacted "that when the governor of the state shall have reason to believe that the charter has been violated, it may be lawful for him to order a scire facias to be sued out calling on the corporation to show cause wherefore the charter shall not be declared forfeited." Is not the discretion of the governor here a little too unlimited?

For what shall constitute the sufficient grounds of his belief? Mere rumor—the exaggerated reports; the highly colored representations of, perhaps, disappointed or hostile individuals? He has no authority, recollect, to institute an investigation of any kind. No matter how fictitious or how unfounded a charge against the Bank may be, he has no means of finding it out. Indeed, for aught that appears upon the face of the charter, the credit and character of the institution together with the vast interests it involves, are in a greater or less degree at the mercy of the whim and caprice of the executive. He may constantly harrass it by suing out one scire facias after another, and always excuse himself by alleging that he had "reason to believe that the Bank had violated its charter." Is he anxious to secure an election? What better expedient can he resort to than to make war upon the Bank? Is it necessary to shield his conduct or the complexion of his principles from too severe a scrutiny, how more successfully can he accomplish this than to join in a crusade against the Bank? The Bank! Why hostility to the Bank or Banks has become in these latter days a kind of universal panacea—a cure for every disease of political principle; the vilest leprosy of federalism may even be made whole by it. With such and so many temptations before him would it not be safer to limit his discretion somewhat; to define by law the proper sphere of his action— in a word, to furnish him with an instrument that he may use whenever charges and complaints are preferred against the Bank to enable him to determine, before he acts, whether there be any just foundation for them or not? He himself cannot do this; but you may; he cannot propound to it a single question; but you can; you can appoint an agent and clothe him with sufficient power to make any investigation desired; you can compel this agent to report the results of his investigations, both to the Legislature and the Executive, and to hold himself in readiness to enter at a moment's warning any Branch whenever so directed by the Executive, and to examine the grounds of any accusation that may be lodged with him against it. To me this appears decidedly the better course; better for the Bank, better for the people, and better for the public generally. The Governor would then have something substantial upon which to fix his reasons of belief—the facts reported by the examining agent; and, above all, it would tend to insure a close, cautious and rigid administration of the bank's affairs. For none surely, with such a rod suspended over them, would dare for a moment to transcend their powers, or to practice frauds upon the community. The Bank, I hold, belongs to the people; was expressly created for their convenience and benefit, and should on that account be so conducted as to attain these ends. It ought therefore to be held responsible to them, and thrown open at any and at all times to their scrutiny and examination, when sought for in the right way. Indeed I have no doubt but that the investigations already had have been of great service both to the bank and the public; for while they have rendered its officers more careful and diligent in the discharge of their duties, the Bank has lost nothing in the estimation and confidence of the people.[14]

Among the several items which I have enumerated as composing an important portion of the state's wealth is the 294,624 acres of land estimated, by me, to be worth 1,767,744 dollars. How this happens, or from what source it springs may possibly need some explanation. We derive title to it from an act of Congress, passed March 2d, 1827. This act granted to the state of Indiana, "for the purpose of aiding her in opening a canal to unite at navigable points the waters of the Wabash river with those of lake Erie, a quantity of land equal to one half of five sections in width, on each side of said canal from one end thereof to the other; to be disposed of by the legislature of the state, for that purpose and no other." Subject to the following condition: "that said canal shall be commenced within five years and completed in twenty years, or the state shall be bound to pay to the United States the amount of any lands previously sold." This grant the state accepted; she commenced the canal within the five years, and consequently entitled herself to all the benefits growing out of it. But the act, you perceive, names no certain quantity of land which the state may take and dispose of; and this is likely to occasion us some difficulty—it merely establishes the rule by which that quantity may be ascertained: it must be equal to one half of five sections in width on each side of the canal from one end of it to the other. The length of the canal therefore must be the great governing point; for evidently the greater the length is, the greater must be the quantity of land the state will be entitled to. Again, on the score of certainty, the act is still further at fault, because it neither fixes the navigable points to be united, nor limits the length of the canal, but leaves them both open to be afterwards settled by another authority. The question then occurs, to whom has this authority been given? Or in other words, in whom is the right to locate the canal vested? In congress? In the president of the United States? Or in the state of Indiana? Unquestionably in the latter. The act expressly gives it to her; for these are its words: "that so soon as the route of the canal shall be located and agreed on by the state, it shall be the duty of the governor thereof, or such other person or persons as may have been or shall hereafter be authorized to superintend the construction of said canal, to examine and ascertain the particular lands to which the state will be entitled under the provisions of this act, and report the same to the secretary of the treasury of the United States." There is certainly no ambiguity here. The right of Indiana to locate the canal, and consequently to fix the navigable points, as well as to determine its length, cannot for a moment be gainsaid. Has Indiana then exercised this right? Has she in the language of the act located and agreed on the route of the canal? She has; and as her statute book shows, she has fixed its terminating point at Terre-Haute on the Wabash river.—Who then objects to this? or rather, who has a right to object to this? Congress? The general government? Neither. Provided Terre-Haute is *at* a navigable point on the Wabash river. Perhaps, it may be asked, are there no reservations whatever to be found in this act in favor of the United States? There are two, and but two. "The right of way, and the alternate sections from one end of the canal to the other to be selected by the commissioner of the general land office, under the direction of the president of the United States." But do these, I ask, give to the commissioner of the general land office, or to the president of the United States a right to say to Indiana, thus far shalt thou go and no farther—this shall be the terminating point of your canal and no other; or even to interfere with her in the selection of the lands? Surely not. The act, so soon as Indiana complied with the condition precedent—the commencement of the canal within the five years—gave to each party a separate and distinct property; to the United States the alternate sections; to the state of Indiana a quantity equal to one half of five sections in width on each side of the canal from one end of it to the other. Nay more, it appointed separate and distinct agents to set this property apart—on behalf of the United States the commissioner of the general land office; on behalf of the state of Indiana the governor thereof, or the person having charge of the construction of the canal. Nothing to me can be clearer than all this. But lest I subject myself to the charge of taking only a one-sided view of the question, suffer me to present you with another. The United States have rights in this matter as well as Indiana. For if any one supposes that this grant was a pure free-will offering made without any consideration but that of love or affection, or without any reservation of equivalents whatever, commits, to say the least of it, a very gross mistake. So far from this being the fact, congress carefully reserves the right of way, free of tolls, from one end of the canal to the other for the passage of all persons and the transportation of all property in the service of, or belonging to the United States. Suppose now that the state completes the canal to Terre-Haute, and takes land for it only to the mouth of the Tippecanoe; in other words, that she unites the waters of lake Erie with those of the Wabash at Terre-Haute—how could she prohibit the United States from the use of their right of free way to that point? Where would she commence charging them with tolls for passage or transportation? At the mouth of the Tippecanoe? She has not carried the canal to it. At Lafayette? At Covington? The Wabash river during the months of July, August, September, and October is not navigable from either of those points. What then? For here is a difficulty that must inevitably occur, and that too every year.

---

[14] No action was taken on this recommendation.

What would be the language of the United States at such a juncture? You bound yourself, they would say, to Indiana, to unite the waters of lake Erie with those of the Wabash at navigable points, and to give us the right of free way to them. Have you done so? and is either Lafayette or Covington one of these points? You see they are not, and you know they cannot be for several months in the year. What reply could Indiana make? How could she excuse herself for the non-fulfilment of her obligation? By saying that she only took lands to assist her to the mouth of the Tippecanoe? Why did she not take more? The grant gave her from one navigable point to the other; nay, to prevent all foreign interference, it appointed her own public servants the agents to select and sell them for her. Dont you see at a glance how very difficult, nay, how utterly impossible it would be for the state to limit the United States right of free way short of Terre Haute? What follows then? Why simply this: that if the United States could claim and enjoy this right of free way, Indiana can claim and take the lands that were given to her as the consideration of that right. In fact the General Government has virtually acknowledged the soundness of the principles here contended for, by allowing to Ohio, under precisely similar circumstances, lands for the extension of the same canal terminating on lake Erie. I hope I may be pardoned for so minute an examination of this subject. My only excuse is its importance. If my conclusions be correct, the state is entitled to near three hundred thousand acres of land more than she has yet received or taken; a property certainly of too much value, and in our present circumstances, entirely too necessary to strengthen and sustain us, to be either given up or lost without a struggle.[15]

---

[15] See the letter of the Commissioner of the General Land Office to Wallace, July 26, 1838, above. By act of January 23, 1829, the Indiana General Assembly had adopted the route for the Wabash and Erie Canal as surveyed by Col. Asa Moore. This placed the western terminus at the mouth of the Tippecanoe River and Indiana received the alternate sections of land, or their equivalent, to that point. It was first planned to use the Wabash River for the navigation of boats up to the mouth of the Tippecanoe and then use the canal from there to Lake Erie, but it was not long before a movement was on foot to extend the canal to Terre Haute. This plan was written into the internal improvement act

The line of this canal extends along the Wabash river from Terre Haute to the Ohio state line, which, according to the rule agreed on some years ago between our then canal commissioners and the commissioner of the General Land Office, entitles Indiana to take and dispose of 637,304 acres of land, 343,680 acres of which have been already selected or are in the way of selection—being for that part of the canal between the Ohio state line and the mouth of the Tippecanoe river—leaving 294,624 acres to be selected for that part of the canal between the mouth of the Tippecanoe river and Terre Haute. The act of Congress, you will observe, makes it the duty of the governor, or the person having charge of the construction of the canal, to examine and ascertain these lands. According thereto, as the governor of the state, I took to my assistance Messrs. Austin W. Morris, Douglass Maguire and judge William Polke, and during the past summer selected 73,710 acres of this land, and reported the same to the Secretary of the Treasury of the United States—postponing further selections to a future day. These lands lie principally in the counties of Marshall, Fulton and Kosciusko, and embrace all the Indian reserves, so called, that have yet been surveyed.

of 1836, and the extended route to Terre Haute surveyed. The State Board of Internal Improvement then boldly applied to the commissioner of the General Land Office for permission to select land to cover this additional length of some ninety miles. Lands contiguous to the route having already been sold in many instances, the state wished to select an equivalent of these in other areas.

So far as the General Land Office was concerned, the land grant authorized by the 1827 act was considered closed. For Indiana to re-open the question now and claim additional land was a matter not to be taken lightly. Commissioner Whitcomb, being from Indiana, was no doubt sympathetic to Indiana's claim, but at the same time he had to look after the interest of the Federal government. He consulted the United States attorney general and received the opinion that the state was not entitled to additional lands. The solicitor general of the Land Office took the same view. President Van Buren was drawn into the controversy, but refused to make any decision and referred the matter to Congress. It was not until February 27, 1841, that an act was passed confirming to Indiana the land selected by her for that portion of the canal that lay between the mouth of the Tippecanoe River and Terre Haute. *House Executive Documents,* 25 Congress, 3 session, Vol. 3, No. 32; U. S. *Statutes at Large,* 5(1835-45):414. In the meantime, Indiana continued her efforts to obtain a favorable decision on her claim.

The inquiry may possibly be made, why resort to these lands? Why not take them on the line of the canal? For the simplest and best of all reasons: the lands on the line of the canal have long since been sold by the general government, save 6,723 acres, which falls to the share of Indiana; and therefore, the late governor, shortly before retiring from office, opened a correspondence with the present commissioner of the General Land Office, in which he requested that officer to withhold certain townships and reserves of land from sale, in order that the state might satisfy her claim out of them.[16] This it appears has been done, and the lands I have selected are a part of them. However, the Commissioner's reply—in short, the whole correspondence—I beg leave to refer you to, especially so as the views of the late governor accord with those I have here advanced. I also take pleasure in laying before you a joint communication addressed to me from our entire delegation in Congress, together with the individual letters of the Hons. William Graham, James Rariden, George H. Dunn and Albert S. White, upon the same subject.[17]

In relation to the lands selected, a report of which with the necessary maps, tract books, &c. will in due time be laid before you, I have to request that you will provide for the sale of them at such times, and on such terms, as you may deem most advantageous for the general interest of the state. The third and last section of the act of Congress making the grant as aforesaid, authorizes the state, after the selections shall have been made, under the authority of the legislature, to sell or dispose of the lands, and to make the purchasers a valid title.[18]

---

[16] The correspondence is in the *Messages and Papers of Noah Noble,* 568-72.

[17] The correspondence of Congressmen White, Rariden, John Ewing, and senators John Tipton and O. H. Smith is in the *House Executive Documents,* 25 Congress, 3 session, Vol. 3, No. 32.

[18] See above, 144-46. A resolution was introduced in the Senate instructing the judiciary committee of that body to report a bill providing for the sale of the lands selected by the Governor to aid in constructing this extension of the Wabash and Erie Canal, but it was tabled. *Senate Journal,* 1838-39, p. 365. It was useless to pass any such legislation until the matter was cleared in Washington as to whether Indiana's claim would be honored. (See note 15 above.) In the meantime, the Indiana legislature had to content itself with passing a bill providing that "when-

On entering upon the public lands to make the selections aforesaid, I found the great majority of the finest tracts already occupied by individuals who had settled upon them with a view to the United States pre-emption law, and who, on the faith of that law, had made permanent and valuable improvements on them. To avoid a collision of interests with so meritorious a class of our fellow-citizens, and to secure to them all the benefits of this law, I sought to enable myself to make selections elsewhere, by requesting the commissioner of the General Land Office to instruct the registers of the several land offices throughout the state, to withhold from sale all lands I might select, on my filing with them in their respective offices a schedule of the same. This request, I regret to say, was not granted, which left me no other alternative, but to continue the selection from the public lands not brought into market. A copy of my letter, together with the commissioner's reply, accompanies this communication. However, in justice to the worthy settlers, I recommend in their behalf that they have the privilege of purchasing the lands they occupy at the minimum price the legislature may fix upon them; or, on failure of that, that some just provision be made to compensate them for their improvements.

The returns of the assessment of taxable property the present year exhibit a strange medley of contradictory facts.[19] The number of polls has increased in the ratio we anticipated, being a fraction over 89,000; whilst last year they were but a little over 82,000; in 1837, 6,185,714 acres of land were returned as tax-

---

ever the Indian title to the public lands . . . shall be extinguished, or a sufficient quantity thereof to satisfy the claim of the state for the construction of that part of the Wabash and Erie canal lying west of the Tippecanoe river . . . , the Governor shall be . . . authorized to appoint an agent or agents, to ascertain the particular lands to which the state is entitled, and report the same to the secretary of the treasury of the United States." The Governor was to continue his correspondence with the General Land Office concerning Indiana's claim to additional land. *Laws of Indiana,* 1838-39 (general), p. 58.

[19] Wallace's figures regarding assessment differ slightly from those furnished the General Assembly by the State Auditor. See *Senate Journal,* 1838-39, pp. 428-40, or *Documentary Journal,* 1838-39, No. 12, pp. 172-87. Using Wallace's figures, the decrease in the value of the land from 1837 to 1838 should be $1,238,913 instead of $239,113.

able, valued at $61,033,425; this year 6,968,796 acres have been returned, valued at 59,794,512 dollars: shewing an increase of taxable land of 783,082 acres, and a decrease in the aggregate value of the whole of 239,113 dollars. Again: the value of town lots in 1837, was 9,181,443 dollars; this year it is 13,752,148 dollars, being an increase of near forty-five per cent. In 1837, the value of personal property was 24,724,146 dollars; this year it is only 22,812,312 dollars; showing a decrease of near two millions of dollars! And what is more extraordinary than all, the corporation stock which, in 1836, amounted to 890,923 dollars, this year is returned as being only 508,831 dollars; and this, too, when we absolutely know that the stocks of the insurance companies, the trust companies, the savings institutions, the bridge and road companies, with which the state is literally shingled over, have been greatly increased since that time. What do such facts prove? Undoubtedly, that the present mode of assessing and collecting the revenue, is wretchedly defective; and that the returns of the present year are not to be relied on as furnishing any thing like correct data. Why, for instance, should the increase of town property be 45 per cent. this year over last? Can any other reason be assigned for it than this, that town property has been more faithfully assessed than property elsewhere? Again: why should the value of personal property have diminished? The population has increased finely—our list of taxable polls has received an addition to it of near 7,000—yet the whole amount of personal property is less this year by near two millions of dollars. It cannot be said that the value of this kind of property has been affected by internal improvements, as lands have in many of the counties. But why ask questions, when the cause is so clearly discernible? For surely, when so gross, so unpardonable an error can be committed, in assessing the simple item of corporation stock, which, of all others, is the easiest to come at, so as to miss one-half or two-thirds of it, may we not rationally conclude that millions of other property have been omitted in the same way? I have no doubt of it: and furthermore, I have no doubt but that if the whole taxable property of the state had been correctly assessed, it would have fallen nothing short of one hundred and ten millions of dollars. No executive recommendation therefore, I presume, can be necessary to stimulate you to provide a prompt, speedy, and efficient remedy for such glaring defects.[20]

In relation to the first and second instalment of the surplus revenue, which you will remember has been loaned out in the several counties for school purposes, it occurs to me that sufficient guards have not been thrown around them to protect them from destruction or loss. Too much of this fund is out on personal security. In 1837, of the 573,502 dollars which was loaned, 488,626 dollars of it was on personal and 78,500 dollars on mortgage security. This certainly ought not to be. The whole of this fund should be placed on the latter security: and although the agents in their returns the present year, show a very considerable improvement in this respect, yet the legislature should make it obligatory upon them to take nothing hereafter in pledge but real estate. Your attention to this matter is respectfully solicited.[21]

[20] The State Auditor in his report said he "doubted whether in any state the assessments, including the valuation of property, is worse done than in Indiana. If the present system be persisted in, no calculation can be made of the amount of revenue to be realized in the Treasury the coming year. The system is radically defective, and unless remodeled must ultimately beggar the Treasury." He suggested that some different mode should be adopted of arriving at the objects of taxation as well as the value of property to be taxed. *Documentary Journal,* 1838-39, No. 12, pp. 172-87.

A special committee of the House, appointed to consider the matter, only affirmed the inequalities in assessments and referred the problem to the committee on ways and means. For their report of January 14, 1839, see below. An attempt was made by the legislature to improve the tax system by setting out in detail the land and property that was subject to taxation and the method to be used in making assessments. Lands made subject to taxation included Wabash and Erie Canal lands whether paid for or not, all seminary and saline lands, Michigan Road lands, and individual Indian reserves. Personal property included stock in any corporation and state bank stock. No male between the ages of twenty-one and fifty was to be exempt from payment of a poll tax of 50 cents. *Laws of Indiana,* 1838-39 (general), pp. 19-28.

Eight members of the House entered their protest against the act in the legislative journals. They particularly objected to taxing the canal lands on which final payments had not been made. They also protested that they had not been permitted to offer amendments to the bill. *House Journal,* 1838-39, pp. 585-87. Seven of the eight protestants were Democrats.

[21] An amendment to the original act was passed at this session

By the conditions of the late treaty with the Pottawatamie tribe of Indians, in Indiana, the time stipulated for their departure to the west of the Mississippi, expired on the 6th of August last. As this trying moment approached, a strong disposition was manifested by many of the most influential among them to disregard the treaty entirely and to cling to the homes and the graves of their fathers at all hazards. In consequence of such a determination on their part, a collision of the most serious character was likely to ensue between them and the surrounding settlers. Apprehensive of such a result, and with a view to prevent it, the citizens of Marshall county, early in the month of August, forwarded to the Executive a petition praying that an armed force might be immediately sent to their protection. On the receipt of this petition I repaired as speedily as circumstances would permit to the scene of difficulty, in order to satisfy myself, by a personal examination, whether their fears were justifiable or not. On my return to Logansport, a formal requisition awaited me from the Indian agent, Col. A. C. Pepper, for one hundred armed volunteers to be placed under the command of some competent citizen of the state, whose duty it should be to preserve the peace and to arrest the growing spirit of hostility displayed by the Indians. This requisition was instantly granted. I appointed the Hon. John Tipton to this command, and gave him authority to raise the necessary number of volunteers. He promptly and patriotically accepted the appointment; and although sickness and disease prevailed to an alarming extent throughout northern Indiana, yet such was the spirit and patriotism of the people there, that in about forty-eight hours afterwards the requisite force was not only mustered but was transported into the midst of the Indians before they were aware of its approach, or before even they could possibly take steps to resist or repel it. This rapidity of movement; the known decision and energy of General Tipton, backed by his intimate acquaintance and popularity with the Indians, whom it was his business to quiet, accomplished every thing

appointing agents for loaning and managing the surplus revenue allocated to the different counties, requiring them to give bond, and outlining their duties and compensation. Nothing was said about the security to be offered by the borrowers. *Laws of Indiana,* 1838-39 (general), pp. 30-33.

desired. The refractory became complacent; opposition to removal ceased; and the whole tribe, with a few exceptions, amounting to between eight and nine hundred, voluntarily prepared to emigrate. General Tipton and the volunteers accompanied them as far as Danville, in Illinois, administering to them, on the way, whatever comforts and relief humanity required; there they were delivered over to the care of Judge Polke, and the U. States removing agents. Copies of all the communications and reports, made to the executive, by General Tipton, while in the discharge of this duty, I lay before you, from which I feel assured you will discover, with myself, that much credit and many thanks are due, not only to him, but to all who assisted him, in bringing so delicate an affair to so happy and successful a termination.[22]

The act providing for the appointment of a State Geologist, not having expired, I renewed the commission of Mr. David Dale Owen, early in the spring. The results of his examinations, the past year, are highly gratifying. The mineral deposits, in the western part of the state, are found, not only to be extensive, but of the very first quality. The counties of Vermillion, Parke, and Fountain, appear to be peculiarly rich in stone coal and iron ore. In Vermillion, preparations are making to erect a furnace; in Fountain, in addition to her other minerals, salt water, of the strongest kind, has been obtained, and in Parke, coal "equal to the best bituminous coal of Pittsburgh, or, indeed, of any portion of the United States," to use the language of Mr. Owen, has been taken from the coal banks on Sugar creek. Add to all these the fact, that the Wabash & Erie canal passes through the midst of them, and what stronger assurances of permanent, substantial, and rapidly increasing wealth could be asked for by any people?

---

[22] The correspondence between Tipton and Governor Wallace is printed in the *Senate Journal,* 1838-39, pp. 716 ff. This together with other correspondence regarding the removal of the Potawatomi appears in Volume 3 of the *John Tipton Papers.* See also the *Trail of Death. Letters of Benjamin Marie Petit,* by Irving McKee and "Journal of an Emigrating Party of Pottawattamie Indians," 1838, in *Indiana Magazine of History,* 21 (1925):316-36. Pepper's letters to Wallace, dated August 26 and October 2, 1838, are printed above. Thirty of the Indians died during the journey.

The report of Mr. Owen will, of course, be presented to you, from which you will learn many additional, interesting, and important details. You will be convinced, I think, of the propriety of continuing the office, in justice to other parts of the state where strong indications of mineral deposites are likewise discoverable. The interest of the state, certainly, requires that these should be fully ascertained—a thing, by the way, not to be accomplished in one, two, or three years.[23]

The cause of education, I am happy to state, is prospering. A new and imposing character has been given to the state institution at Bloomington. It has put on the habiliaments and assumed the dignity of a university. Its splendid endowments, its able and devoted professors, its healthful location—all claim for it even though in infancy a distinguished place among the great literary lights of the nation. This generation may indeed be proud of it, but above all, they should be proud of the glorious destiny that awaits it; that of becoming the intellectual nursing mother of the future sons of Indiana. Auxiliary to the university are the numerous institutions reared and sustained by private munificence in various parts of the state. The Wabash college and the Asbury university in the west; South Hanover college, the Franklin institute, and the Dublin academy in the south, centre, and east, while the county seminaries, in many instances, are acquiring great respectability, and are taking the stand they were designed to occupy in the system marked out by the constitution. True, some of the institutions above named, have been assailed, recently, by severe calamities;[24] but then the spirit of their friends has not been crushed; they are rebuilding and repairing their losses with renewed and successful energy. Nor can I omit observing, and, at the same time lending my feeble commendation, to the course pursued and the ardor displayed by the school teachers of the county of Wayne. It would rejoice me much to see their example copied by those of a similar calling throughout the state. Their conventions are got up in the right way—breathe the right spirit, and show that they themselves entertain a just and becoming sense of the dignity and importance of their profession.[25]

---

[23] During his first year as state geologist, Owen endeavored to make a survey of the entire state, while during his second year he made a more detailed examination of geological formations and mineral resources. Both of his reports were printed. A bill was introduced in the House to extend the survey three years longer; this was amended in the Senate to read one year, and passed in that form. The Governor, however, delayed the appointment until June of 1839 and by that time Owen had become interested in a Federal appointment to explore the mineral lands of the United States. See *David Dale Owen. Pioneer Geologist of the Middle West,* by Walter B. Hendrickson (*Indiana Historical Collections,* Vol. 27, Indianapolis, 1943), 26-40.

[24] Buildings at Hanover College had been damaged by a tornado and those at Wabash College had been destroyed by fire. A joint resolution

My attention has been directed to the very interesting subject of the education of the deaf and blind, by a communication from a Mr. James Hodge, the secretary for the institution of deaf mutes, and one of the trustees of the institution for the blind, established at Columbus in the state of Ohio. In order that the whole subject may be as fully submitted as possible, I lay the communication itself before you. From this document, it appears that there are now in that school of deaf mutes, a number of

---

was passed authorizing the commissioners of the Sinking Fund to lend up to $8,000 to the latter school for a term not exceeding five years. *Laws of Indiana,* 1838-39 (local), p. 344.

[25] A call had been issued through the local paper for the Wayne County teachers to meet at Richmond on April 7, 1838. Bad weather that day prevented many from attending, so those present adjourned to meet again at Centerville on May 19. At that time the Eastern Indiana Teachers Association was organized for the purpose of interchanging ideas on the best methods to promote the advancement of learning and to encourage teachers to continue in their profession. Samuel K. Hoshour, head of the Centerville Academy, was elected president. The association met again in September and December. At the latter meeting, Hoshour was appointed a delegate to the educational convention that was to meet in Indianapolis in January, 1839. Richmond *Palladium,* April 14, May 26, November 3, 1838.

When the convention of the Friends of Education convened on January 2, Governor Wallace was chosen to preside over its deliberations; E. O. Hovey and James M. Ray were chosen as secretaries. Hoshour was asked to speak the first evening. The convention adopted a constitution, drafted a memorial to the legislature upon the subject of appointing a superintendent of common schools, and appointed a committee on school books. The Governor was apparently impressed with Hoshour and what he was doing at his school, for the following year he sent two of his sons, William and Lew, to the Centerville Academy. Indianapolis *Indiana Journal,* January 5, 12, 1839; *Lew Wallace. An Autobiography* (2 vols. New York, 1906), 1:55-56.

pupils from Indiana, and that application had been made for the admission of several more, who, on account of their extreme indigence and inability to pay the necessary expenses, could not be received. But supposing—as I hope he well may—that Indiana will not consent to be behind any of her sister states, either in offices of benevolence or deeds of humanity, this, gentlemen, suggests the propriety of her doing for her indigent deaf and blind, what Ohio has done and is now doing for hers—appropriate something for the public purse to enlighten and educate them; a nobler, a purer, a brighter act of genuine benevolence cannot be made to grace your statute book. Permit me also to lay before you, a letter upon the same subject, from Mr. Samuel Reese, a very respectable and intelligent citizen of our own state, and to earnestly recommend the suggestions contained in it to your serious consideration.[26]

On the subject of the manner in which the state prison has been conducted the past year, I acknowledge that it is not in my power to make you any satisfactory communication. The act of last winter suspended the authority of the governor to appoint a visitor as heretofore, and consequently placed beyond his control the means of either acquiring or commanding the necessary information or intelligence concerning it. The commissioner who superintends the erection of the new addition to the prison is made the visitor by the 24th section of this act, and while it carefully clothes him with all the power requisite to enable him to conduct his examinations it as carefully provides that whatever knowledge he may acquire shall be locked up in his own bosom. He is required to report nothing.[27]

---

[26] The House committee on education, William T. Noel, chairman, to whom this portion of the message was referred, reported a bill on January 30, 1839, proposing to use one fourth of the interest derived from the surplus revenue which was going to the support of common schools for an institution for the education of the deaf and dumb. No action was taken on the bill. Another was introduced and passed requiring county assessors to report the number of deaf mutes in their respective counties. The county clerks were then to certify the number to the State Auditor. The committee estimated the number of deaf mutes in the state as between three and five hundred. The result of the count by the assessors has not been found, but the Federal census of 1840 listed the number of deaf mutes in Indiana as 297; 112 of these were under fourteen years of age. *House Journal,* 1838-39, pp. 443, 527, 571; *Laws of Indiana,* 1838-39 (general), pp. 58-59; *Documentary Journal,* 1838-39, No. 39. Mr. Reese's letter has not been found.

In the fall of 1839 an announcement appeared in the Bloomington paper of the opening of a deaf and dumb school in that town. It was to be conducted by John Hartford, formerly of the Hartford (Conn.) Deaf and Dumb Asylum. One of the sponsors was Jane Orchard, mother of a deaf mute. Bloomington *Post,* October 25, 1839. It is not known how long it continued in operation, but when provision was made in the middle forties for the establishment of a state school for the deaf and dumb, Monroe County citizens petitioned that it be located in that county. *Senate Journal,* 1845-46, pp. 227-36. The legislators believed that it should be located in Indianapolis and it was so enacted.

I feel that I should neglect a very important duty were I to omit bringing to your notice the wretched condition to which our military organization has been reduced under the present system. If some efficient measures be not speedily taken, the time is not very remote when we shall not have a solitary vestige of an organized militia left within the limits of the state. The constitution of the United States has made it the duty of congress to provide a uniform system of organization for the militia of the several states, and although its importance is universally felt, and various attempts have been made by the national legislature to accomplish something upon this subject, it remains yet almost as the constitution found it, a matter entirely of state concern. After so great a lapse of time it has become a matter of necessity to await no longer the tardy legislation of congress, and it is now, unquestionably, the imperative duty of the state, to adopt some system which will give organization and strength to her military establishment. So dissatisfied are the people, with the present imperfect arrangement, that in some regiments, I am informed, there have been no musters during the present year, and that others have become almost destitute of officers, in consequence of the indisposition of competent individuals to accept commissions under the existing law. A well regulated militia force must ever be, so long as our republican institutions continue, the great arm of our defense; without organization, it must ever be an armed mob, and must necessarily, fail to command respect, or to answer the great objects which it was designed to accomplish. Liable to none of the objections which have usually and justly been opposed to the existence of standing armies, it appears to me a branch of our domestic institutions of the greatest importance and one deserving the immediate and serious attention of the legislature.[28] Whilst upon this subject, I would remark, that no

---

[27] See the act for the regulation of the State Prison in *Revised Laws of Indiana,* 1837-38, pp. 572-76. The Governor's power to appoint a visitor was suspended for one year, from February, 1838, to February, 1839. This apparently was done in the interest of economy. The act appointed Samuel Peck, of Washington County, commissioner, to contract with some competent person for the extension and improvement of the prison. Extensions, 210 feet long, were to be added on the north and east sides of the prison building to provide more workshops and cells. It was probably an oversight that Peck was not required to make a report.

The superintendents of the prison, Hensley and Patterson, made a report which is printed as No. 26 in *Documentary Journal,* 1838-39. They gave the names of the 79 convicts with statistics regarding them, and suggested that the legislature allow each prisoner one pound of tobacco per month. They expected the extension to the prison to be finished according to contract.

The House committee on the affairs of the prison were requested to inquire into and report whether corporal punishment by whipping was practiced by the superintendents. They found that such punishment did constitute a part of the internal government of the prison, that it was often resorted to, but for what cause and to what extent, they did not know. *House Journal,* 1838-39, p. 346.

---

[28] Although no legislation was enacted at this session regarding the militia, both the House and Senate took note of its deplorable condition. In the House, the committee on military affairs wanted to repeal the law which permitted men liable for militia duty to gain exemption by paying a dollar each year into the county treasury; also, they favored dividing the men according to age bracket and requiring those from eighteen to thirty-five to form the active militia and perform the required musters and exercises; the older men, between the ages of thirty-five and forty-five, would form the sedentary militia and not be required to perform duty except in case of war. The committee also favored the organization and incorporation of volunteer companies to stimulate the spirit of military pride. A bill was reported which incorporated these recommendations; it passed the House but the Senate apparently took no action on it. *House Journal,* 1838-39, pp. 427-28, 473; *Senate Journal,* 1838-39, p. 604.

In the Senate it was resolved that the committee on military affairs be instructed to inquire into the propriety of so changing the militia law as to require only one hundred men in each county to perform militia duty, and that under such regulation, each man should have pay for his services, and should be armed and uniformed at the expense of the appropriation was made at the last session to pay the salaries of the adjutant and quarter master generals, and I respectfully request you to make provisions for the same, as without it, it will not be in the power of the executive to fill these important offices, with the expectation of having their duties strictly and faithfully performed.[29]

My duty, also requires me to inform you, that our public records are in a situation entirely unsafe, and where they are exposed to total destruction by fire. They are, at present, deposited in the house erected for the use of the governor, which is not fire-proof, surrounded by various offices under the same roof, whose occupants, be they ever so careful, may not always succeed in securing the safety of the building. In case of accident, the state would sustain a loss, which the misfortunes of other states, and the conflagration of some of the public depositories of the United States, admonish us cannot be repaired by any subsequent attention or expenditure. Our duty, therefore seems to require, that we should place these important papers at once beyond the reach of accident, by erecting fire-proof depositories for them. And I would accordingly recommend an appropriation for that purpose.[30]

state. Apparently no further action was taken. *Senate Journal,* 1838-39, p. 325.

At the following session a bill containing the above recommendation of the House committee was reintroduced and passed. *Laws of Indiana,* 1839-40 (general), pp. 22-25.

[29] No special appropriation was made for these officials, but among the estimated expenditures for 1839 was $150 for the adjutant and quartermaster general. Report of committee of ways and means, in *House Journal,* 1838-39, p. 375.

[30] The Senate committee to which this part of the message was referred asked to be discharged without making any recommendation. The State Auditor, in a letter to the Senate, said the Governor's Mansion on the Circle was used for various state offices, and in this way saved the state $1,000 a year in rent. He felt the building was worth repairing and requested authority to make the necessary repairs. *Senate Journal,* 1838-39, pp. 588, 647-48. Provision was made for the repair of the roof. *Laws of Indiana,* 1838-39 (local), p. 306.

Since the building was considered unfit for use as a residence for the Governor, he was allowed $500 annually for house rent. *Ibid.,* 5. During his years as lieutenant governor, Wallace had lived at the Mansion House hotel during the time he was in Indianapolis; upon becoming governor he and his family first occupied a house near the

I take pleasure in announcing to the Legislature, that Col. A. C. Pepper, the Indian agent, has succeeded in effecting a treaty with the Miami Indians, by which a considerable and the most desirable portion of their reserve has been ceded to the United States. The extinction of the Indian title in our state is exceedingly desirable, and our prosperity, in some measure, intimately connected with it. The Miami nation have, heretofore, been the occupants of a very interesting portion of our state, from which settlement and civilization have been excluded, whilst its immediate vicinity has progressed with almost unexampled rapidity in improvement and population. It is, therefore, earnestly to be desired, that the terms of the treaty may be such as to justify its being ratified by the proper authorities of the general government.[31]

I lay before you, for your reflection, agreeably to their request, resolutions of the legislatures of Maine, Vermont, Connecticut, Ohio, Kentucky, Georgia and Alabama, on a variety of interesting subjects, deemed by them to have an important bearing upon the general welfare of the Union.[32]

---

corner of Washington and Missouri streets, then moved into Dr. John H. Sanders' house at the northwest corner of Illinois and Market streets after it was purchased by the state for the residence of the governors in March, 1839. This had been Mrs. Wallace's home before her marriage, and was considered to be the finest residence in the city. Dunn, *Greater Indianapolis,* 1:109. The purchase price for the house and three lots was $9,000. Marion County Deed Records, Vol. K, p. 111, in Recorder's Office. It was to be paid for out of moneys received from the sale of lots in the capital. *Laws of Indiana,* 1838-39 (general), pp. 66-67.

[31] By the terms of the treaty concluded on November 6, the Miami ceded to the United States four of their reservations (the 6-mile reserve on the Wabash; the 10-mile reserve opposite the mouth of Aboite Creek; the reserve on Flat Rock; and Seek's reserve on Eel River) and the northern part of the Great Miami Reserve, comprising in all some 200,000 acres. No definite time was set for the removal of the Indians, but the government agreed to provide land for them west of the Mississippi whenever they were "disposed to emigrate." The treaty was proclaimed in effect, February 8, 1839. Charles J. Kappler (ed.), *Indian Affairs. Laws and Treaties* (2 vols. Washington, D. C., 1904), 2:520; letter of A. C. Pepper, in Vincennes *Western Sun & General Advertiser,* December 1, 1838.

[32] The Maine resolutions concerned the Northeast boundary between the United States and Canada. Fearing that British usurpations and encroachments in that area indicated a spirit of hostility, and believing

Since the adjournment of the legislature I received from his excellency the governor of Michigan, a communication enclosing certain resolutions of the legislature of his state, on the subject of the improvement of the navigation of the St. Joseph river. A portion of this river traverses the territory of Indiana—runs through the fine counties of Elkhart and St. Joseph, and terminates, as its rises, in Michigan. The object of Michigan, therefore, appears to be two-fold; either to prevail upon Indiana to improve that part of the river within her own jurisdiction, or to yield to her the privilege of doing it herself, at her own expense, and for her own benefit. In my reply to the governor's communication, I did not flatter him with the hope, that Indiana would feel herself able, at this time, to incur the expense that must necessarily attend such an undertaking; but I did say—and hope that the sentiment may meet with your cordial approbation—that Indiana would, at least, cast no impediments in the way of Michigan's accomplishing so desirable an object on her own responsibility. Less than this we ought not to do, but much more if we

---

that vigilance, resolution, firmness, and unity should be displayed by the United States in the matter, the legislature of Maine passed resolutions on March 25, 1837, calling on the President of the United States to have the boundary explored and surveyed. *Public Acts* of the State of Maine, 1837, pp. 184-85. For Indiana's reaction to the dispute, see below, 349n.

The Ohio resolution referred to here was one of protest against the annexation of Texas. *Acts* of Ohio, 1837-38 (local), p. 407.

The Kentucky resolutions concerned aid given slaves who escaped into the states north of the Ohio River, and caused considerable debate, especially in the House of Representatives. A joint resolution on the matter finally passed the Indiana Assembly (by a vote of 87 to one in the House and 40 to one in the Senate) which declared that any interference by other states in the domestic institutions of slave-holding states was contrary to the compact by which those states entered the Union and is "highly reprehensible, unpatriotic, and injurious to the stability of the Union." Those who argued against the measure did so largely on the ground that an expression of this kind was uncalled for and unnecessary. *Laws of Indiana,* 1838-39 (local), p. 353; *House Journal,* 1838-39, pp. 142, 177-78, 463; *Senate Journal,* 1838-39, p. 330; Indianapolis *Indiana Journal,* January 5 and February 2, 1839. Upon receiving the Indiana resolution, the Kentucky General Assembly passed another resolution commending Indiana's stand and the promptitude with which she acted. *Acts* of the Commonwealth of Kentucky, 1836-37, pp. 353-54; 1838-39, pp. 390-91.

could. The wealth, the energy, and the enterprize, which so distinctly mark the means, character, and conduct of our fellow-citizens of northern Indiana, richly merit the fostering and protecting care of the state. The manufacture of the first bar iron from our native ore has been achieved by them; the novel spectacle of Indiana glass will come next; in short, Mishawaka, South Bend, and their vicinity, bid fair to become ere long the Pittsburgh of Indiana. Whatever, therefore, would tend to furnish to these people any additional facilities calculated to advance their agricultural, commercial, or manufacturing interests, should be seized on with avidity, and industriously promoted. That the improvement of the navigation of the St. Joseph's river would have that tendency, I am confident. The papers and documents bearing upon this subject will be laid before you, if called for.[33]

By the 9th article of the constitution of the state, it is expressly made the duty of the general assembly "to pass such laws, from time to time, as shall be calculated to encourage intellectual, scientifical, and agricultural improvements, by allowing rewards and immunities for the promotion and improvement of arts, science, commerce, manufactures, and natural history; and to countenance and encourage the principles of humanity, industry, and morality." I am induced to cite you to this article, and to this particular feature of it, from the happy results which have crowned legislative enactments in favor of similar objects in other states. Maine, Massachusetts, Vermont, Connecticut, New Jersey, and Pennsylvania, have led the way nobly in such matters; they have fairly tested the power and efficacy of legislative encouragements. The bleak and sterile hills of New England may, indeed, be said to have felt their refreshing influences. The sons of the Pilgrims dependant as they had been for years, on the supply of foreigners, for a great portion of the very bread they consume, could no longer brook such dependence, and in the true spirit of their sires, boldly essayed to remedy it. Maine and Massachusetts spoke through their respective legislatures, and offered a liberal premium to encourage their husbandmen to the culture of wheat. The effect more than exceeded expectation; it was truly magical. Millions of bushels were called into existence by it, and the people of these states are now doing what they seldom, or never did before, are producing a sufficiency of this article to supply their own wants. With such lights, therefore, before us; with such brilliant results to dispel all doubt and hesitancy, why should Indiana remain mute? Is there less potency in her voice, think you, than Maine and Massachusetts have proved to be in theirs? If the arm of industry, nerved and stimulated to additional energy by the cheering hope of honorable reward, could command, from so uncongenial a soil as that of New England, such an astonishing increase, what might not the same arm, nerved and stimulated in the same way, produce from the rich, fertile, and exhaustless plains of Indiana? It is not I assure you in the power of imagination to conceive or calculate the consequences of such an effort. But the question with us, I esteem it, is not one of mere emulation, it reaches higher, and is resolved by the constitution into one of duty—stern imperative duty—you shall do it. Besides which, we have embarked in a splendid system of internal improvement; we are checkering the state all over with roads and canals; we are expending millions of money; and for what? To look at, to boast of, and nothing more? I hope not. Such, at least, is not our language to the tax payer; to him who shoulders the burthen. We construct this road, we open this canal, that your industry may be stimulated, that your farms may be made profitable, that you may have a market for your surplus, and on the strength of it he contributes generously and uncomplainingly. But shall we stop here? Stop short of the performance of our whole duty? If it is right to encourage the agriculturist by constructing roads and canals, and expending millions upon them, why not go the whole length, and say to him, increase your capital, put forth all your energies; there is the sugar beet, cultivate it, and like Michigan, Indiana, will reward you; there is the article of silk, cultivate it, and like Maine and Massachusetts, Vermont and Connecticut, New Jersey and Pennsylvania, Indiana will reward you. Say to the farmer, that for every short horned Durham, and for every twenty of the best breed of hogs he shall raise, he shall be entitled to a liberal premium. If nothing else, provide for an agricultural survey of the state. Nay, we have, as it is well known, our salt wells, we have our inexhaustable mines of iron ore, but unfortunately, we have not the capital necessary to work them; bring this capital from abroad then by offering a premium—a generous premium—for every bushel of salt, and for every hundred pounds of iron manufactured within the State. By taking such steps, by acting on such enlarged and liberal principles, you will do wonders in the way of creating wealth; you will completely obey too, the injunction of the constitution; you will then emphatically encourage and promote agriculture, commerce and manufactures; you will in the fullest sense of the term, "countenance the principles of humanity, industry, and morality."[34]

---

[33] The documents are not printed in the legislative journals. A select committee was appointed from each house to consider the Michigan resolution regarding the improvement of the St. Joseph River. Their report pointed out the importance of the stream for transportation purposes and the desirability of improving the navigation, but stated that it would be impossible for Indiana to give any aid at the present time. It was recommended that the Governor continue his correspondence with the Governor of Michigan and determine in what manner and upon what conditions and restrictions the State of Michigan would prosecute and complete the improvement at her own expense. *House Journal,* 1838-39, p. 366; *Senate Journal,* 1838-39, pp. 373, 448-49.

---

[34] The Senate committee to whom this portion of the message was referred, reported that they considered it inexpedient to legislate on the subject at this time. *Senate Journal,* 1838-39, p. 588. The House committee on agriculture was favorable toward the Governor's suggestions and made a lengthy report containing the following recommendations among others: the promotion of silk culture, raising of beets for sugar, and the growing of wheat by payment of bounties by local agricultural societies, the money to come from the State Treasury; the promotion of iron manufactories; use of saline fund to import Durham cattle; the appointment of a secretary to the state board of agriculture, the former secretary having left the state. The committee followed their report with the introduction of two bills: one to amend the act incorporating agricultural societies, the other to promote the culture of silk and the manufacture of salt, iron, and sugar. Both bills passed the House on February 15 but reached the Senate too late in the session to receive attention. *House Journal,* 1838-39, pp. 228-35, 601-2, 622.

Another bill introduced later in the session would have authorized a loan to agricultural societies for the purpose of procuring from England an improved breed of stock. It passed the House on February 12, but was lost on second reading in the Senate. *Ibid.,* 1838-39, pp. 469, 550-

Gentlemen of the Senate and of the House of Representatives, permit me in conclusion, to congratulate you upon the general prosperity of the state. We are indeed, deeply indebted to Divine Providence for the enjoyment of so many blessings; let us therefore endeavor so to shape our course, and our conduct as to merit a continuance of them hereafter.

David Wallace

December 4, 1838.

Treasurer of State: Report on Three Per Cent Fund[1]

Treasurer's Office,
Indianapolis, December 6th, 1838.

Hon David Hillis, President of the Senate:

I herewith transmit to be laid before the Senate, a statement of the operations and condition of the 3 per cent. fund.

Very respectfully your obedient servant,
N. B. Palmer,
Agent three per cent. fund

The total amount of the 3 per cent. fund received from the United States prior to the 1st December, 1837, including also $2,550 received from the State Treasury is	$438,100 61	
There has been received from the United States the present year	16,000 00	$454,100 61

51; *Senate Journal,* 1838-39, pp. 698-99; Indianapolis *Indiana Journal,* February 15, 1839.

A memorial praying a loan to aid J. W. Osborn and Jacob S. Willets, publishers of the *Indiana Farmer,* in establishing at Indianapolis an experimental field and an agricultural and horticultural warehouse and seed store was reported on favorably by the agricultural committee of the House, but the bill they introduced was tabled. *House Journal,* 1838-39, pp. 599-601.

---

[1] *Senate Journal,* 1838-39, pp. 38-41.

The payments from this fund on the various appropriations to roads, rivers, and counties, prior to the 1st December, 1837, amount to	$396,620 26	
There has been paid on same account, the present year	36,602 56	
The total amount of incidental expenses up to the 1st December, 1838, is	$ 4,833 94	$438,056 76
		$ 16,043 85

Leaving on the 1st of December inst., on hand, subject to the order of the proper commissioners, the sum of $16,043 85.

The following table will show the amount appropriated to each of the several objects, to which this fund has been directed; also the amount paid to, and the balance due to each.[2]

. . . .

By the foregoing it will be perceived, that there has been specially appropriated to roads, rivers, and counties, the sum of $574,148 58.

The total amount received by the Agent, from the United States, and the State Treasury is	$454,100 61	
From which deduct total amount of incidental expenses	4,833 94	449,266 67
		$124,881 91

Exhibiting a balance of appropriations over the amount received from the United States of $124,881 91.

All of which is respectfully submitted.

N. B. PALMER, Agt. 3 per ct. fund

---

[2] The table lists the counties, with the amount appropriated to each from the Three Per Cent Fund, the amount paid, and balance due. In addition it gives the amount appropriated and paid for 53 roads as $111,740 05, and the amount appropriated and paid for improving navigation on ten rivers as $2,050.00. *Senate Journal,* 1838-39, pp. 39-40.

President of State Bank: Annual Report[1]

[December 7, 1838]

To the Senate—

The twelfth branch of the State Bank was located at South Bend, by the Directors, at their session, held in February last. Books for subscription of stock were opened there in June, the amount required by the charter was subscribed, the first instalment was paid in specie by the individual stockholders and the state, and by proclamation of the Governor, that branch was authorized to commence banking operations on the 14th November.

The amendments proposed to the Charter, by the Legislature of 1836, having been agreed to, by all the branches, the Directors of the State Bank in conformity thereto, located the 13th branch at Michigan City, the 14th at Logansport and the 15th at Rushville. But one of the branches, not having signified its assent to the location of the 16th branch, until the November session, no further action has yet been had in relation to it. It is understood, however, that it will be placed in a district to be formed out of the Terre Haute and Lafayette branch districts, at such point, as shall on examination, appear best adapted to promote the interests of the State and the institution.

Books of subscription for the 13th branch were opened in October, the stock has been subscribed and notice given for the payment of the first instalment on the first of February next; soon after which, it is expected, that branch will commence operations.

Two other branches will be organized the ensuing year, as soon as the funds at the command of the State Board will admit, and if the collections from the sinking fund and surplus revenue loans should be larger than usual, the 16th branch may also be organized.

No loan having been made by the state to pay the first instalment of its stock in the 12th branch, $50,000 was advanced by the Bank for that purpose, in anticipation of the 4th instalment of the Surplus Revenue.

---

[1] *Senate Journal,* 1838-39, pp. 103-8.

Additional state stock has been subscribed as follows, viz: $20,000 each in the Richmond, Evansville and Terre Haute branches, and $32,000 each, in the Lawrenceburgh, Indianapolis and New Albany branches, with the premium equivalent to the profits on hand. Similar subscriptions will be made in the Madison and Lafayette branches, when the surplus fund in the former shall be reduced, and the state of the suspended debt in the latter be more fully ascertained.

For the advance of capital made for the state, the Bank will be reimbursed from the 4th instalment of the surplus revenue, or if that be withheld, the bonds of the state will be substituted. These advances draw interest under the law of last session, at the rate of six per cent. until repaid, and the stock is entitled to the same dividend as other stock, for the benefit of the state.

As the surplus fund had become so large in some of the branches as to prevent the subscription of new stock, on account of the high premium necessarily demanded, the branches at New Albany, Indianapolis and Lawrenceburgh, were authorized in May last to divide their surplus down to one-eighth their capital, on condition that the stockholders would immediately subscribe new stock equal to the amount of their dividends. The privilege was accepted, and by this division $29,375 was set apart to the state, the same amount to the stockholders, and new stock has been taken by them and others to the amount of $71,350. A similar privilege was granted, in November, to the Richmond, Madison and Terre Haute branches, by which they will be able to enlarge their capital considerably.

It is an object of much solicitude to all, who are interested in the Bank, that its stock should be increased as the business of the state requires, and though there is no great demand for the stock in any of the branches at such a premium, as the profits on hand would divide, and in most of them it is frequently sold at much lower rates, yet the increase of private stock will be constant until it reaches the limits fixed by the charter. Should no further provision for state stock be made, the capital of the Bank may thus be increased to more than twice its present amount. Good policy however requires, that some of the branches should enlarge their capital much faster than others.

Whether the state stock should be increased under power reserved in the Charter, and if so, to what extent, are questions, which the wisdom of the Legislature must decide. The banking capital of the state is admitted to be small in proportion to its business; individual enterprise in the management of the institution holds out the hope of good dividends and the personal responsibility of directors and stockholders, who must loose their stock entirely in a branch before the state stock can be affected, is a strong guarantee for the state interests. If the addition be made, they incur the principal hazard and can derive no advantage except as citizens of the state having an interest with others in the general welfare. From present appearances, it is believed that the state stock might be considerably increased with safety to the bank and profit to the state. As the demand for individual stock is now much less than it probably will be hereafter, may not the state, if funds can be had on moderate terms, borrow for bank stock more than in[di]viduals will probably subscribe at this time and hereafter the private stock may be increased in proportion when it shall be more in demand? While the contracts of the state shall be maintained inviolate and the bank interests of its citizens shall be protected as other property with the increasing wealth of the state, [what] will be the demand for stocks, as a source of secure income for the aged, the young, and the helpless, for whose use they are peculiarly adapted.

In reviewing the course of the Bank in suspending and resuming specie payments, there appears to be nothing in the whole, against which any charge even of error or imprudence can be made.—There has never been but one opinion amongst those whose judgments deserve consideration, as to the propriety of the suspension by this bank, and nothing was omitted that could be fairly done to bring about an early resumption. By its correspondence with other banks, by the action of its delegates in the April Bank Convention and by the prudent management of the branches, a general resumption was urged and finally effected by the banks in the Eastern, Western, and Middle states on the 13th August last with but little inconvenience to our citizens or to the bank. The reduction of its circulation and discounts, at the season of the year when both are usually at their lowest stage, has enabled it, since that time, to increase its business and augment its issues largely. The stimulus thus given to enterprize showed beyond all question, the correctness of the policy by which the bank always retaining and exercising its powers of being useful, is thereby in a situation to give liberal aid, at periods most important for the interests of the country.

The loans made to pay debts seldom extend any beneficial influence beyond the first operation and not unfrequently they only serve to increase the load on the debtor, by accumulating interest. They have therefore been uniformly discouraged.[2] But loans made to the exporter are felt at once by the farmer; what the manufacturer, builder, or employer borrows, will benefit the laborer and consumer, and none can fail to perceive the substantial advantages, that are realized by the extension of the business of the bank, in its effects on the markets for produce and the competition of our citizens with others.

---

[2] Calvin Fletcher, one of the directors of the State Bank, made this comment on the credit system in his Diary on August 22, 1838: "I was called on to contemplate the following evils peculiar to this part of Indiana at this time viz the extravegant price of agricultural products & mechanical labor as well as the scarcity of the former—Our merchants for the last 10 years have been in the habit of selling goods to every man who was supposed to hold real estate sufficient to give a fair assurance of paying for the articles bo't The consequence has been & still prevails that no man who cultivates the ground is under the necessity of making an immediate application of his labor in order to clothe his family or to purchase any deficiency in his food for his family because the merchant regulates all the trade of the mechanic & farmer as well as the professional man— Therefore no stimulation from the necessity of applying the labor of the mechanic—or the immediate products of the farmer they both put off the day of industry & expect that 1 year will develop new resources by the extravegant sale of a town lot or a horse or some other anticipated means never relied on by a community where imprudent credits are not given— The consequence is that for the last 4 years say 6 years there has scarcely been the extension of a farm no new fields opened— & at the same time an enormous increase of consumers. . . . Such has been the fatal consequences of this credit policy that all industry has been paralized all enterprise stoppd & a young man who can get credit for a new coat a year will pay 50 cts for a water mellon which wd sell in a country where people labor for 6 cents." Calvin Fletcher Diary, in Indiana Historical Society Library.

The dividends of the bank were three per cent. the first year, 9 36-100 the second, 8 the third, and 9 63-100 the fourth, exclusive of the amount divided in three branches to add to their stock. The first year the dividend was insufficient by $10,000 to pay the interest on the loan for the state stock, but the second year the overplus of profit set apart to the state was $28,600, the third year $29,250, and the fourth year $70,118. By computing the state's interest in the remaining surplus fund on hand, after allowing for bad debts, interest paid in advance and interest due the United States, there is a further sum of at least $100,000 gained by the operation, of the bank, making in all a clear profit to the state of $217,368. The rate of profits on the capital invested varies but a small fraction from 12 per cent. a year.

The profits of the Bank, for the first three years, depended on many circumstances of a temporary character. An unequalled circulation of the paper, maintained without an effort; a large amount of United States deposites; extensive disbursements of eastern funds by public works, and the high premium these funds soon afterwards commanded, gave great facilities for profitable banking without any loss to our citizens. A change in all these matters has taken place and the profits hereafter must be less, yet the greater abundance of, and demand for, the produce of the state and the increase of real business, on prompt loans, will to some extent supply the deficiency.

The actual payments on notes and bills, taking all the branches together, cannot fall much below one-fourth the discounts, every three months, and the sums thus collected, if not reserved for the exporting season are loaned again immediately. Here then are between three and four millions of dollars in the course of a year, issued by the Bank to constitute, in a great degree the circulating medium of the state. No matter how much the capital be increased, without punctual payments, new loans cannot be made, and in a state where the balance of trade is against it, there must be continual new discounts and issues of paper or there will be such fluctuations in the amount of circulation, as to affect seriously all the business of the country. Much of the merchandize and other articles convenient and necessary for the citizens of the state, have been, and will continue to be purchased at points to which very little of our produce is sent. To make the purchases, and to pay the debts contracted on these accounts, it is estimated that at least $5,000,000 annually have been remitted through the agency of the several branches. They might, indeed, have refused collections and made no provision for remitting money, but in that case all the specie in the state, and all that could be imported would not stand the drain upon it for a single year. Debts must be paid whether the Bank collects them or not, and funds must be provided at points where they are wanted, or they will be withdrawn in any manner the owner sees fit, no matter with how much inconvenience to community. No uniformity of circulation or regularity in business can be expected, if the Bank do not use its means and its influence in conformity with the course of trade and the wants of the public. In reference to these matters, it is believed that much, if not all that was desirable, has been done. By the avails of the state loans, by the bills of exchange bought of the exporters, and by the disposition of such other eastern funds as it could collect, the Bank has been able to meet all demands from abroad and yet preserve its specie undiminished. For the six months ending the first of November last, the bills of exchange were only from a seventh to a tenth of the whole discounts. They will exceed that proportion, for some months to come, it is hoped considerably; for where a third of the discounts are in bills, that will be promptly paid (and none other should be purchased,) the amount of business done may be enlarged nearly in that proportion. The exchange charged should be a fair allowance according to the custom of banks, for the difference in the value of money, and for keeping back their funds previously to supply the greater demand in the exporting season.

As yet, it is believed, the Bank has sustained but few losses. None of much consequence are known.

The branches have been regularly visited and examined as is required by the charter.

No complaints have ever reached the State Board of any improper conduct in a large majority of the branches. All alleged grievances have been carefully investigated, and such steps taken in regard to them as the good of the public and the safety of the other branches appeared to require. A body representing the state and the interests of every branch has decided, with unanimity, on almost all matters submitted for its action. The responsibility of the individual stockholders; of the directors, in their private capacity; of the branches for each other; and of a portion of the officers to the legislature, throws around the institution all the security which private interest and respect for public opinion can create. Under such circumstances it can scarcely fail to effect the objects for which it was instituted. It furnishes a circulating medium in which full reliance is placed. It is emphatically a state institution, in which the punctual, the industrious, and enterprizing of all parties obtain accommodations; and its stock, though less profitable than money vested in most other businesses, will yet be sought for on account of its regular dividends.

The following statements, taken from the last semi-annual examinations of the branches, present the condition and business of the Bank in a light which must be gratifying to its friends and the public generally.

Branches:	Loans to Directors:	To other Stock-holders:	To others not Stock-holders:	Stock owned by persons who owe nothing or less than their Stock
Indianapolis	$72,564	$ 65,874	$243,945	$44,100
Richmond	29,858	48,676	219,159	54,700
Lawrenceburgh	72,729	143,719	271,982	12,500
Madison	65,000	113,419	254,675	94,600
New Albany	30,676	66,161	213,193	56,150
Evansville	67,613	53,688	132,938	35,200
Vincennes	38,597	49,568	148,021	62,850
Terre-Haute	16,364	59,368	180,951	57,400
Bedford	37,424	65,582	137,987	40,100
Lafayette	18,000	171,168	175,469	45,150
Fort Wayne	44,724	77,307	178,041	36,600

In addition to the stock of the state in the institution, the owners of about half the private stock borrow little or nothing. Such an amount held merely for the dividends, is a further guarantee for correct conduct.

The following abstract from the annexed tables shews the condition of the Bank, Nov. 17, 1838.

RESOURCES:

Notes and bills discounted	$3,679,200	79
Real estate, furniture, &c.	144,386	01
Dues from branches	46,621	72
Bank balances	226,521	94
Advances to the State, Remittances, &c.	265,287	58
Fund Commissioners	588,484	89
Branch Notes on hand	114,660	00
Other Bank Notes	155,813	00
Specie	1,345,832	08
	$6,566,808	01

LIABILITIES:

Due to other Banks	$ 269,905	30
Notes in circulation	2,951,795	00
Due the Treasury United States	206,534	10
Due to Branches	53,560	33
Due Sinking Fund, &c.	56,535	97
Dividends unpaid	88,448	31
School Fund	7,830	25
Pension Fund	795	10
Individual Deposites	393,548	79
	$4,028,954	15

The balance will pay $2,216,700 the capital stock in the Bank and leave $321,153 for losses, interest due the United States not yet ascertained and to be divided hereafter.

Since the last annual Report the following items have increased, to-wit:

Capital Stock	$338,793 75
Notes in circulation	725,100 00
Specie	217,700 52
Discounts	328,227 50

By means of the new branches at the north, the increase of capital stock in several of the old branches and the enlarged operations for the winter's business, the most of these items will soon be considerably increased.

Respectfully submitted,

S. MERRILL, Prest.

. . . . [3]

Report of the Commissioners of the Sinking Fund[1]

HON. DAVID HILLIS, President of the Senate:

Herewith is the Report of the Commissioners of the Sinking Fund.

I am, &c.,

S. MERRILL

December 7, 1838.

The receipts by the Commissioners of the Sinking Fund, from the organization of the Board up to Dec. 7, 1838, have been as follows:[2]

State Bonds	$1,390,000 00
Premium, Interest and Exchange on same	29,496 92

[3] Tables showing the condition of the State Bank on November 17, 1838, and the resources and liabilities of each branch on that date, appear here in the original report and are not reprinted.

---

[1] *Senate Journal,* 1838-39, pp. 137-39.

[2] The law creating the State Bank provided for a Sinking Fund into which should be placed all unapplied balances of loans procured on the part of the state for its stock in the bank, or for the purpose of being lent to stockholders to enable them to meet their stock installments in the bank; the semiannual payments of interest on state loans to stockholders and sums received in payment of said loans; the dividends paid

Dividends on Bank Stock	273,659 50
Interest received for stock loans	38,271 87
Interest received on Current loans	71,598 65
Received for blank Mortgages	114 08
Over payment by Fund Commissioners	28 92
Over drafts on Madison and Bedford branches	1,824 46
	$1,804,994 40

The above have been appropriated as follows:

For bank stock	$ 880,000 00
Loans to stockholders	254,120 70
Expenses of Fund Commissioners in making loans	4,790 13
Expenses of transporting specie	1,732 12
Interest on State bonds up to January 1, 1839	229,597 88
Premium, &c. to pay the same	5,116 49
Current Loans	401,741 02
Pay of commissioners' clerks, office expenses, &c., from commencement (in addition to the appropriation from the surplus revenue)	4,524 81
Cash in Indianapolis branch	2,119 33
Cash in Lawrenceburgh branch	20 50
Cash in Terre-Haute branch	9,529 50
Cash in Lafayette branch	5,696 14
Cash in Fort Wayne branch	5,399 69
R. Morrison, $114 15; L. H. Scott, Vincennes agency, $482 94	597 09
	$1,804,994 40

---

by the bank on state stock, and dividends accruing on such portions of the stock belonging to other stockholders as shall have been paid for by loans from the state and which have not been repaid. The principal and interest on the said fund was reserved for the purpose of liquidating and paying off loans and the interest thereon negotiated on the part of the state for payment of its stock in the bank and payment of second and third installments of the shares of other stockholders. *Laws of Indiana,* 1833-34, pp. 35-36; *Messages and Papers of Noah Noble,* 416n.

Condition of Sinking Fund on account of Surplus Revenue:

Receipts, 3d instalment of Surplus Revenue	$286,751 48
Receipts, 4th instalment anticipated in part	196,301 03
Interest paid on loans	50,507 57
Dividends paid on bank stock	6,297 29
Over drafts on Bedford, Madison, and Lafayette branches	3,702 87
	$543,560 24

Appropriated as follows:

Loans on mortgages		$257,153 26
Bank stock		206,000 00
Premium to make same equal to other stock		20,708 00
Payments of interest to Fund Commissioners		46,011 11
Expenses of Sinking Fund appropriated to Surplus Rev.		2,861 79
Cash on hand—	Indianapolis branch	5,695 55
	Lawrenceburgh branch	1,505 23
	New Albany branch	1,288 83
	Evansville branch	644 35
	Terre-Haute branch	805 56
	Richmond branch	805 56
	Fort Wayne branch	81 00
		$543,560 24

The loans are made on mortgages of real estate to double the value in sums generally, from $200 to $500 each. The large amount of cash to loan at particular times; the importance of making it productive as soon as possible; the want of applications from many of the counties; the rush of borrowers from others; and the necessity of discouraging applications from some parts of the state, where land, soon after its entry, was valued at enormous rates, have contributed to throw into a few counties too large a proportion of the loans. It is believed, however, that the fund will not be a loser by this mode of loaning. Titles indisputable and easily ascertained have been secured, and the property mortgaged is very rarely of a kind exposed to much fluctuation in value. No property has yet been exposed to sale for the interest, nor are any losses anticipated.

During the present year, in compliance with the directions of the last legislature, the new loans have been made principally in the counties which had previously received but a small portion—and none would have been made elsewhere, but for engagements outstanding, and where exchanges have been arranged by the borrowers themselves, which would produce to the fund an increased rate of interest.

Since the resumption of specie payments, the Sinking Fund Commissioners have made few loans, deeming it better to reserve their means to organize the new Branches. They are preparing to pay the first instalment of state stock in February, for the thirteenth Branch, and they expect to organize the others without delay not absolutely unavoidable.

Rate of allowances for services

To Commissioners or others, acting as Agents, for loaning (where the drafts are made through the office,) ½ per centum.

To do. do. for loaning and receiving and paying over annual interest, (not through the office), one per cent. on the loan.

To Clerk, per annum	$200
To Assistant Clerk, per annum	800
For Rent, per annum	50

Respectfully submitted,

S. Merrill, President

L. W. Scott,
R. Morrison,
C. Fletcher,
A. Worth, } Comrs.

Treasurer of State: Annual Report[1]

TREASURY DEPARTMENT,
INDIANAPOLIS, Dec. 10, 1838.

The Treasurer of State, in obedience to the directions of the "Act concerning the Auditor of public accounts, and Treasurer of State," submits the following Report of the Revenue and expenditures of the State, and the operations of the Loan office, &c., from the 1st of December, 1837, to the 30th of November, 1838, both inclusive.

RECEIPTS during the fiscal year, from revenue

Receipts during the fiscal year of 1836		525 69
Receipts during the fiscal year of 1837		159,931 48
Receipts during the fiscal year of 1838		4,175 91
Lots &c. at Indianapolis		7,373 52
From sales of Michigan road lands		4,500 00
Estates without known heirs		71 00
Incidental payments		611 50
The receipts and credits in the college branch of the loan office department have been:		
Amount received from William Alexander, commissioner of the reserve township, in Monroe county	1,902 00	
Received from James Smith, commissioner of the reserve township, in Gibson county	250 00	
Loans refunded	5,547 00	
Interest on loans	4,653 95	12,352 95
The amount paid into the treasury of saline fund, appertaining to the loan office, has been, from Andrew Wilson, commissioner of the saline lands in Orange county	2,385 30	
Henry Young, commissioner of saline lands in Washington county	618 97	

---

[1] *Senate Journal,* 1838-39, pp. 65-71.

Milton McPhetridge, com'r in Monroe county	57 25	
Loans refunded	1,300 00	
Interest on loans	2,061 97	6,423 49
		$195,965 54

THE EXPENDITURES and Liabilities of the Treasury during the same period have been:

Over payments made by treasurer of state during the financial year of 1837	$ 5,123 75	
Pay and mileage of members of the legislature, including clerks and doorkeepers	43,412 68	
Printing and stationary	18,321 67	
Specific appropriations	6,962 44	
Contingent expenses	1,212 38	
Premium on wolf scalps	443 50	
Pay of Probate Judges	2,994 00	
Pay of Executive officers	3,297 60	
Pay of Judges of supreme and circuit courts	16,720 28	
Pay of Circuit prosecutors	1,480 08	
Pay of Adjutant and Quarter-master Generals	75 00	
Payments on account of State house	300 00	
Payments on account of State Library	591 45	
Payments on account of State Prison	1,022 86	
Payments on account of Presidential election	10 00	
Michigan road	4,500 00	
School money refunded	1,884 80	
Geological survey	1,000 00	
Internal Improvements	40,000 00	
Conscientious fine distributed	7 00	
Seat of Government	1,557 66	150,917 15

The disbursements on account of the college branch of the loan office have been:		
Payments on account of Indiana College, incidental expenses of Loan office	460 95	
Loans of College fund	14,256 00	14,716 95
Payments and liabilities on account of Saline Fund, subject to the Loan office laws, are:		
Loans of Saline fund	6,715 00	
Saline fund expenses	144 91	6,859 91
Balance on hand, November 30, 1838		23,471 53
		$195,965 54

Note—Warrant No. 3101, Probate $6 outstanding.

Condition of the Treasury for 1839:

The probable means of the Treasury for the year 1839, may be estimated at $98,721 53, as follows, viz:

Balance in the treasury on the 30th November, 1838	$23,471 53
Revenue of 1838, from polls and taxable property, on the supposition that only 5 cents on the $100 of the value of taxable property be ultimately retained for state purposes	75,000 00
From sales of Lots in Indianapolis	250 00
	$98,721 53

The expenditures for the same period will be, as estimated below, $97,731 38, viz:

Salaries of judges and prosecutors	14,000 00
Salaries of executive officers	3,200 00
Printing, stationary, binding and distributing laws	15,000 00

Legislature, including clerks and door-keepers	40,000 00	
Contingent and specific appropriations	6,500 00	
Probate judges	3,200 00	
Wolf scalps	300 00	
State prison	1,100 00	
State library	350 00	
Adjutant and Quarter-master Generals	150 00	
State House	1,500 00	
Geological survey	1,700 00	
Schools moneys refunded	500 00	
Seat of government	1,760 00	
Existing claims unaudited	6,000 00	
To which may be added the following liabilities of the treasury, viz:		
Estates without heirs to be refunded	1,878 38	
Conscientious fines to be distributed	543 00	97,731 38

Leaving an estimated balance in the Treasury on the 30th November, 1839, of $990 15.

From the foregoing exhibits of the receipts and disbursements for the year 1838; and the estimates of the probable condition of the treasury for 1839, it will be seen that the payments into the treasury in the financial year just closed, exceed the expenditures of that year by the sum of $23,471 53.

And that this balance, together with other estimated payments into the treasury during the approaching year, 1839, will exceed the estimated demands upon the treasury for the same period, by the sum of $990 15.

Leaving a balance in the treasury on the 1st of December, 1839, of $990 15.

It will be perceived that this estimate is made upon the supposition that the poll tax and only 5 cents on the $100 of valuation of taxable property will be retained in the treasury to be appropriated to the ordinary expenses of the government, and that the remaining property tax will be directed to payment of interest on state loans.

The undersigned has been guided in this arrangement of the estimates by the indications drawn from the partial action of the last General Assembly, and in accordance with the recommendation of the committee of ways and means in reference to this matter, as well as from a conviction that the poll tax and 1/3 of the present property tax will produce an adequate amount to meet the current expenses of the year, if no extraordinary appropriations shall be made, and rigid economy shall be observed.

But if in the progress of the session, the General Assembly shall deem it necessary to make any considerable additional appropriations, or shall by their action authorize other expenditures than is now provided by law, it will be indispensable, so to increase the per cent. for state purposes as will correspond with such increased demands on the treasury as may be authorized.

The promptitude and fidelity which has marked the collection and payment into the treasury of our public revenue for a series of years, forms a just subject of pride and commendation; but I deem it proper to express my apprehension, that, owing to the pecuniary pressure which has succeeded an unusually bouyant and active state of prosperity, we have great reason to expect far more tardy and incomplete collections of the public revenue than has heretofore been made.

If this should occur on an adjustment of the revenue, and expenses so nearly balanced, it would endanger embarrassment to the treasury; but as the payments of the revenue upon which the demands on the treasury for the current year, will be in progress of payment during the session, the legislature will be better advised in reference to this contingency before it is probable that legislative action will be had in reference to the public revenue.

The total amount of valuation of taxable property for 1838, falls short by nearly two and a half millions of that of 1837, a fact affording unerring evidence of pecuniary reaction, and of the just ground for the apprehensions above suggested.

The amount of polls have increased from 1837 to 1838 nearly 6,000, which will increase the revenue from this branch, about in the same proportion as that of the retrogade of the property tax, leaving the gross amount of revenue nearly the same as that of 1837.

The finances of our internal improvement department, do not properly come within the scope of my official duties; but as a portion of the funds for the payment of the interest on the improvement debt, is drawn from the public revenue, and through this department, it will be proper to say, that exclusive of the amount of revenue embraced in the foregoing estimates as necessary for the ordinary expenses of the State, there will probably remain about $80,000.

Only one half of this amount however, will under existing laws, be paid over to the fund commissioners for the purpose of discharging interest on the public debt. The balance being $40,000, will be in the treasury, subject to such direction as the General Assembly may provide.

To provide the means for the payment of the interest on the public debt already contracted, and the annually increasing amounts which must accrue from the augmentation of the public debt, resulting from the further prosecution of the public works in which the state is engaged, is a subject of paramount interest.

The deep concern which attaches to this subject, in view of the importance of preserving unimpaired the high credit of the state, and the difficulties attendant on raising the means necessary for this object, seem to me as presenting a question to which all others connected with the finances of the state, are likely in a great measure, to become subordinate, in regard both to its magnitude and the intensity of interest which it will command in the public mind.[2]

The finances of the internal improvement operations (as before suggested,) not being confided to this department, the undersigned refrains from more than hinting at the importance of the subject. —I feel it my duty however, to add my conviction, that if both the action of the general assembly and the future prosecution of the public works shall not be so directed, as shortly to produce from other sources than taxation, an amount sufficient to cover some considerable portion of the interest thus rapidly accumulating, and which *must* be *discharged* that neither the treasury, nor the ability or patience of the people will be able to bear the overwhelming load of interest, for the payment of which the public faith is sacredly pledged.

---

[2] Provision was made in the general revenue bill passed at this session for a tax levy of 30 cents on each $100 of taxable property, most of which was to be used for interest payments. *Laws of Indiana*, 1838-39 (general), pp. 27-28.

The Lawrenceburgh and Indianapolis rail road company, made application to the undersigned in the month of May last, for the appointment of commissioners to value real estate to be mortgaged to that company, with a view of being assigned to the state in exchange for state bonds under the provisions of the improvement act of 1836.[3]

By the report of the company made to the last general assembly, it appears that at that period, the company had (principally out on loan,) nearly $200,000 the avails of former bonds issued to it by the state.

It is also stated in the same report, that the company had for the present, suspended operations on that work, with the exception of one or two contracts not cancelled, and that the work would be resumed only upon contingencies not probable soon to happen.

With these facts officially before me, together with the manifest import of the act, as conveying the intention of the legislature in lending the credit of the state in this case; for the sole object of aiding in the construction of that public work, and no other, it appeared to me that the company had no just claims, at the present, for the issue to it of any further amount of state bonds.

Under this conviction, and by the advise of the executive, the undersigned signified to the company, that he would take no action in the matter at the present, but would postpone the business until the meeting of the general assembly.

In view of the great responsibility resting upon the treasurer of state in this matter, and the peculiar delicacy of his duties, arising from this state of things, I respectfully submit the propriety of such legislative action as will relieve the undersigned from the difficulties which are so apparent in this collision between him and the company.[4]

[3] See above, 136, 137-38.

[4] In a joint resolution approved February 15, 1839, the Treasurer of

The various operations in the different departments of the loan office, have been conducted with that safety and thrift to the funds which have heretofore characterized their progress.

In revising the loan office laws at the last session, the act then passed (through inadvertency, I presume,) changed the interest to be charged on loans of the college fund, back to 6 per cent. per annum.

Not doubting but this change was unintentional on the part of the general assembly, the undersigned, in order to avoid loss to the fund, has run up the loans of that fund to a considerable amount in advance of the money of that particular fund on hand, previous to the publication of the laws.

I suggest the propriety of passing a law as speedily as may be, placing this fund upon the same footing as to the interest to be charged on loans, as is authorized in other departments of the loan office.[5]

The condition of the several agencies for loaning the surplus revenue, will shortly be laid before the legislature, in a general abstract of the operations of the different agencies.[6]

The undersigned was notified by the cashier of the State Bank, in May last, that that institution would advance to the state the 4th instalment of the surplus revenue of the United States, under the provisions of the act of the 17th of February last, and that the amount of $286,751 48 was subject to the order of the treasurer of state.

State was instructed to withhold the issuance of any further state bonds to the railroad company. Within sixty days the company was to surrender its charter, and all its affairs were to be settled within a year. Bonds and mortgages heretofore assigned to the state by the company were to run to maturity, the interest on same, at the rate of 5⅛ per cent, to be paid semiannually to the Lawrenceburg Branch Bank. *Laws of Indiana,* 1838-39 (local), pp. 357-58.

[5] By an act approved December 31, 1838, the College Fund as well as all other funds authorized to be loaned by the Treasurer of State were to be loaned at 9 per cent interest per annum. *Laws of Indiana,* 1838-39 (general), p. 84.

[6] See the report of the treasurer in relation to the surplus revenue, in *Documentary Journal,* 1838-39, No. 21, and *Senate Journal,* 1838-39, pp. 175-93.

That amount was accordingly received of the State Bank on the 17th day of May last, and on the same day paid over to the Sinking Fund Commissioners, according to the provisions of said act.[7]

The 38th section of the probate law, which requires administrators of estates without known heirs, to pay into the state treasury the residue of the estate, after paying debts, is very deficient in not requiring the State to be made a party in the suit that is authorized to be brought on the petition of the heirs for a decree that the money be paid over to them by the treasurer of state.

Under the present law, the proceeding is altogether ex parte, and it is apprehended that some proceedings have already been had, which may subject the state to pay a second time, the money which had been placed with the state as trustee of the unknown heirs. I respectfully suggest that the law be so amended as to require the auditor of public accounts to be made a party to any such suit, and that it shall be the duty of the prosecuting attornies to defend the state in such cases.[8]

The payments on account of the state house, and incidental expenses of the last general assembly, liquidated under the act of last session, amount to about $850, nearly one half of which has been on account of the latter. A schedule of the whole will shortly be laid before the legislature.

All of which is respectfully submitted.

N. B. Palmer,
Treasurer of State

---

[7] The fourth installment of the surplus revenue was never paid by the United States Treasury Department. The sum advanced to the Treasurer of State by the State Bank was carried as a debt against the state.

[8] There was no legislation on the subject at this session.

STATEMENT A—COLLEGE FUND

REPORT of the operations of the College Fund, from the 1st December 1837, to the 30th November, 1838

RECEIPTS.

Cash on hand at last report	$ 648 58
Amount received from William Alexander, commissioner of reserve township in Monroe county	1,902 00
Amount received from James Smith, com'r of reserve township in Gibson county	250 00
Loans refunded	5,547 00
Interest on loans	4,653 95
Amount overloaned	1,715 42
	14,716 95

CONTRA.

Amount of loans as per list accompanying	$14,256 00
State seminary, including incidental expenses	460 95
	14,716 95

STATEMENT B—SALINE FUND

REPORT of the operations of the Saline Fund, from the 1st December 1837, to the 30th November, 1838.

RECEIPTS.

Cash on hand at last report	201 46
Amount received from Andrew Wilson, commissioner of saline lands in Orange county	2,385 30
Amount received from Henry Young, commissioner of saline lands in Washington county	618 97
Amount received from Milton McPhetridge, commissioner of saline lands in Monroe county	57 25
Interest on loans	2,061 97
Loans refunded	1,300 00
Amount overloaned	234 96
	6,859 91

CONTRA.

Amount of loans as per list accompanying	$ 6,715 00
Saline Fund expenses	144 91
	6,859 91

STATEMENT C—
CONGRESSIONAL TOWNSHIP FUND

REPORT of the operations of the Congressional Township Fund, from December 1837, to 30th November, 1838.

RECEIPTS.

Cash on hand last year	$ 295 90
Interest on loans	117 00
Amount received from school commissioner of Ripley co.	75 00
	487 90

CONTRA.

Amount of loans	$ 100 00
Incidental expenses	19 65
Am't paid school commissioner of Ripley county	53 71
Am't paid school commissioner of Green county	70 08
Cash on hand	244 46
	487 90

Contingent expenses from 1st December 1837 to 30th November 1838.

Paid John A Matson commissioner for running the line between this and the state of Ohio	57 00
L. M. Johnson, transportation of public documents	4 05
Levi Comeyges repairs on Governor's Circle	10 50
N. B. Palmer, one years subscription for Bicknell's Reporter	3 00
Miles R. Payne for furniture for Auditor's office	50 00
John Cain for postage	78 67

W. Olvy, repairs on Governor's Circle	1 50
Wm. Parker, repairs on Governor's Circle	5 75
Tho. Hoagland, repairs on Governor's Circle	2 00
W. J [F.] Reynolds for enclosing Tippecanoe battle ground	573 75
S. W. Maddock for transportation of public arms	18 00
Asa Hutson on Governor's order	5 00
Davis Miller on Governor's order	5 00
Douglass Maguire, private secretary of Governor	50 00
John Cain for postage	68 36
N. O. Elson, transportation of public arms	3 48
Espy & Sloan, furniture for Secretary's office	40 00
Wilson, Hazlett, & Morris, Locks for Governor's House	6 00
Jacob Doty for transportation	1 00
James Coffee, repairs on Governor's circle	5 00
John Cain for postage	80 00
E. Atkinson, transportation of public arms	3 45
D. Wallace, expenses attending removal of Indians	33 00
John Cain for postage	67 63
A. W. Morris, investigating college fund at Bloomington	11 00
C. & J. Cox, repairs on Governor's circle	10 37
Stacy & Williams, blank book for Auditor's office	14 75
Samuel Wilson, storage and commission on public documents	50
W. H. Talbot & co. stationary	3 56
	$ 1,212 38

. . . .[9]

---

[9] The omitted portion contains the amount paid for stationery, transportation, etc., and a list of the borrowers of the College and Saline funds.

Wallace to Speaker of the House[1]

EXECUTIVE DEPARTMENT,
INDIANAPOLIS, Dec. 13th, 1838.

HON. TH. J. EVANS, Speaker of the House of Representatives:

SIR:—Through the medium of the Chair I inform the House of Representatives, that John M. Wallace[2] is appointed private Secretary, and that he is authorized to make communications from this department to the Legislature during the session.

DAVID WALLACE

Fund Commissioners: Annual Report[1]

OFFICE OF FUND COMMISSIONERS,
INDIANAPOLIS, 18th Dec., 1838.

TO THE GENERAL ASSEMBLY OF THE STATE OF INDIANA:

The fund commissioners of the state of Indiana respectfully report: That since the adjournment of the last session of the General Assembly, they have, in pursuance of the requisitions of the Board of Internal Improvements, sold certificates of state stock, bearing an interest of five per cent. per annum, to the amount of one million eight hundred thousand dollars, to-wit:

On the 11th June, they sold to the Staten Island Whaling Company ....$	40,000
6th July, to the Bank of Western New York	300,000
24th October, to the Bank of Erie county, New York	100,000

[1] *House Journal,* 1838-39, p. 106.

[2] John Milton Wallace was a younger brother of the Governor. The legislature apparently put its stamp of approval on the appointment by passing an act (approved February 16, 1839) creating the office of private secretary with an annual salary of $150. *Laws of Indiana,* 1838-39 (general), pp. 92-93.

---

[1] *Senate Journal,* 1838-39, pp. 161-65. For additional information on the transactions of the Fund Commissioners as reported here, see the correspondence between the commissioners and their testimony before a House investigating committee in *Documentary Journal,* 1841-42, House Doc. No. 12, pp. 273-90.

24th October, to the Detroit and Pontiac Rail Road Co.	100,000
16th Nov., to the Staten Island Whaling Co.	60,000
28th Nov., to the Morris Canal and Banking Co.	1,200,000
Making in all	$1,800,000

The whole amount were sold at par, except two hundred thousand dollars sold to the Morris Canal & Banking Company, which were sold at ninety cents, making the whole amount receivable by the state upon the stocks sold, one million seven hundred and eighty thousand dollars. One million of the stocks sold to the Morris Canal and Banking Company are sterling bonds, payable in London and the residue sold are payable in the city of New York. The amount yet due upon the sales is payable at such periods as the Board supposed would be requisite to meet the expenditures upon the public works, and for the payment of the whole amount collateral security has been taken, except for the amount due from the Morris Canal and Banking Company which is $700,000, they having advanced $500,000 before the sale.

Notwithstanding the sales made during the present year, have been upon terms less favorable than those of the last year, owing to the deranged state of the monied concerns of the country, the great increase of state stocks which have been brought into market, and the reduction in the price of exchange upon Europe; yet the high credit and character which our state has heretofore so justly acquired has been fully sustained, and her stocks have been sold upon terms as favorable as those of any other western state.

The Board would respectfully suggest, that as the interest upon the public debt has already increased considerably beyond the amount provided by taxation and otherwise, to meet it, and as the completion of the works now in progress of construction will require a still greater increase; the necessity of providing some other means than those already appropriated for that purpose is such as to call for some legislative enactment upon the subject. The payment of the interest out of the money borrowed, in addition to the disadvantages which must result from it on the score of economy and its rapid increase of the public debt, will be calculated seriously to affect the credit of the state, and must greatly increase the difficulties of making advantageous loans. If a fund were created and profitably invested in bank stock, or otherwise, the dividend upon which should be exclusively applied to that purpose, in aid of the amount which might be raised by taxation, and which would satisfy the holders of the bonds of the State, that the interest accruing upon them could be promptly met, without depending upon further loans for that purpose, the credit of the state would be enhanced and the sale of her stocks upon fair terms rendered less subject to doubt.

The means provided for the payment of interest is always a subject of inquiry with the purchasers of state stocks, and an ample and permanent provision for that purpose, will increase the demand for the stocks of those states which have made it.[2]

In compliance with the terms of an act of the last session of the General Assembly, the Board have compromised with the Messrs. Josephs and Cohens, and released them from their liability to the State on account of bonds sold to the Messrs. Cohens, in consideration of the payment of money, assignment and transfer of stocks and property, as follows, to wit:

Cash paid by Messrs. Cohens ....$	14,715 00
Bonds of the Messrs. Cohens, secured by mortgage upon real estate in Baltimore for	65,000 00
payable five thousand dollars per annum from 1st Jan. 1838 for five years, and the residue in ten years, with 6 per centum interest	
Bonds of the Winchester and Potomac rail road company, with one years interest due on them	46,640 00
751 shares of stock in the Baltimore and Ohio rail road company, on which had been paid $85 to the share, and which was worth at the market price	26,000 00

---

[2] The Senate committee on the Canal Fund, to whom this part of the commissioners' report was referred, reported that the best policy to pursue at this time was to increase the banking capital and appropriate the dividends arising therefrom to the payment of the interest on state stocks. *Senate Journal,* 1838-39, p. 359.

An assignment by the Messrs. Cohens of an attachment levied upon fifteen hundred shares of stock in the American Life and Trust Company, five hundred shares of stock in the General Insurance Company, and two hundred and thirty shares of stock in the Canton company, and which if successful will produce	50,000 00
52 lots in the city of Brooklyn upon which is erected a sperm and candle manufactory, the whole estimated at one hundred thousand dollars, but subject to a mortgage for 35 thousand dollars, leaving	65,000 00
565 lots in the 12th ward of the city of New York, and fourteen acres of land in the city of Poughkeepsie, which is estimated at one hundred and forty-four thousand dollars, but subject to mortgages to the amount of eighty-four thousand dollars, leaving	60,000 00
An assignment of the interest of the Messrs. Josephs in the George's creek Coal & Mining Company, on which they had paid one thousand dollars.	
At the time the compromise was made, the amount due from the Cohens & Josephs was 312,279 73.	
The amount received and secured, and the amount claimed under the attachment assigned, if successful (of which there is a very strong probability) together with the property transferred at the foregoing estimates, is	327,355 00
being an excess beyond the debt of fifteen thousand and fifty-seven dollars, twenty-three cents.	

The estimates of the value of the property must necessarily be to some extent conjectural, but they are based upon the best data in the power of the Board to obtain, and they confidently entertain the opinion that the property and stocks received, will ultimately indemnify the state against any loss.

In addition to the property above specified the Board received a mortgage upon property in Poughkeepsie which had been sold upon a previous mortgage, but which they had a right to redeem upon the payment of the first mortgage, but on examining the property they were satisfied it was not worth more than the amount of the first mortgage and therefore did not redeem it.

The Board have paid out the following sums on account of the property received on the compromise, to wit:

For Insurance	$ 222 65
For taxes	52 31
For improvements	382 96
For agency in superintending property	100 00
For corporation assessments	289 94
For instalments on Baltimore and Ohio rail road stock	11,265 00
For Counsel fee for conducting suits, examining titles, &c.	603 96
For discharge and satisfaction of mortgage on property in Brooklyn, with interest	35,612 50
For discharge of one-half of mortgage on property in New York	33,150 00
For discharge of mortgages on property in Poughkeepsie	6,800 00
For interest due on mortgages	8,642 36
Amounting to	$97,121 68

The sperm and candle manufactory, with its fixtures, situate on a part of the Brooklyn property, is calculated for carrying on that business on an extensive scale, and the improvements are worth about $30,000. At the time they were taken possession of by the Board, they were in a state of rapid waste and decay, not having been occupied for two years. Finding it impracticable to lease the property without affording some means for its being put in operation, the Board effected an arrangement with the Staten Island Whaling Company for a lease of the premises for five years from the first of August, at an annual rent of $5,000, by loaning them bonds of the Winchester and Potomac Rail Road Company, and part of the amount received from the Messrs. Cohens, sufficient to make up $52,000, payable in five years, with six per cent interest payable semi annually, amply secured by bond and mortgage on real estate. The Company is now in successful operation, and the property in an improved and promising condition.

In taking securities on real estate, in the foregoing transactions, they have in some instances been taken in the name of the state, and in others to one of the Board in trust for the state. To cancel the mortgages on payment of the money secured by them, or to convey the real estate on a sale, an act of the Legislature is deemed requisite.[3]

All which is respectfully submitted,

ISSAC COE,
CALEB B. SMITH, } Fund Commissioners.
JAMES FARRINGTON,

Treasurer of State: Report on Surplus Revenue[1]

TREASURER'S OFFICE,
INDIANAPOLIS, Dec. 18, 1838.

HON. DAVID HILLIS, President of the Senate:

I herewith communicate to be laid before the Senate, a report of the operations and condition of the Surplus Revenue of the United States, deposited with this State under the provisions of the act of Congress of the 23d June, 1836.

Very respectfully, your ob't. serv't.,

N. B. PALMER,
Treasurer of State.

On the 6th May last the Treasurer of State was notified by the Cashier of the State Bank of Indiana, that that institution had accepted the proposition of the last General Assembly, contained in the act of the 17th of February, 1838, in relation to the 4th instalment of the Surplus Revenue; and that the amount of such instalment being two hundred and eighty-six thousand

[3] An act was passed authorizing the Fund Commissioners to cancel mortgages and convey real estate held by the state outside the boundaries of the state. *Laws of Indiana,* 1838-39 (general), p. 64.

---

[1] *Senate Journal,* 1838-39, pp. 175-77.

seven hundred and fifty-one dollars and forty-eight cents, was subject to the order of the Treasurer of State.

In accordance with the notice thus given, and the provisions of the act aforesaid, the undersigned received from the State Bank, on the 17th May, 1838, the sum of $286,751 48, and forthwith paid the same over to the Commissioners of the Sinking Fund.

The accompanying abstract will exhibit the situation of the Surplus Revenue distributed among the several counties, so far as the undersigned is able to communicate from the reports which have reached this office from the Loaning Agents. It is to be regretted that several of the agents neglected to make their quarterly reports to this office as is required by law.

By the act of 6th February, 1837, the agents appointed were required to give bond to the board doing county business, and the clerks to certify to the Treasurer of State that the Agent had so entered into bond. The act of last winter appoints agents anew, but is silent in relation to their giving bond and security. As but few of the clerks have forwarded certificates of their agents having entered into bond and security, the presumption is, that in most cases it has been neglected, as the opinion is entertained by many that the bond given under a former appointment would be valid under a subsequent one, an opinion altogether erroneous as the securities cannot be legally held responsible for official acts of the principal under new appointment, and beyond the period for which they agreed to stand bound for him. I make these suggestions with a view of bringing the matter to the notice of the General Assembly that such legislative provision may be made as will secure the public interest in this particular.[2]

Owing to some ambiguity in the law in relation to the compensation of the agents, a discrepancy in practice prevails as to the compensation taken by the agents. The act of 1837, clearly gave the agents one per cent. on the entire amount loaned, at the commencement of the operation; but as in the succeeding years but one third would be paid in and re-loaned, in each year, the compensation would be so reduced and inadequate as to cause many of the most valuable agents to resign their posts. It was undoubtedly the intention of the legislature to allow the agents one per cent. per annum on the entire amount on loan in their agency, and that the borrower should annually pay 9 per cent. interest, one of which should go to the agent; but as the bonds and mortgages are taken for only 8 per cent. per annum, the borrowers in some instances in liquidating their second years interest, refused to pay more, and the agent thereby looses a portion of the compensation to which he is justly entitled.

---

[2] A law was enacted at this session requiring each loaning agent of the surplus revenue to give bond and security in the amount requested by the county commissioners in the county in which the agent was serving. *Laws of Indiana,* 1838-39 (general), pp. 30-31.

I respectfully suggest the propriety of so amending the law in this respect, as to insure to the agents the compensation intended, which if fully realized is but a small recompense for the labor and responsibility imposed.[3]

The aggregate amount of interest on the amount of this fund under the control of the loaning agents, estimating it at 8 per cent. which is the net income of this fund, is $45,370 09.

It will be perceived by reference to the following abstract of the operations of the several agencies, that only $41,674 36 has been paid to the agents the present year, leaving a deficiency in the payment of interest to the amount of $3,695 73.

This at 8 per cent. is the interest on about $46,195 86, which amount may be regarded in the character of suspended debt. What amount of this is in suit I am not able to state, as most of the agents have failed to give information of the particular condition of the debt on which the interest remained unpaid. In 1837, the fund was loaned in proportions of about 6 parts on personal security to 1 part on mortgage security. It will be seen that in 1838, under the provisions of the act of last session, the loans have been made about 3 parts on personal, 2 parts on mortgage security, being a great improvement in the security of the fund. The undersigned cannot refrain from urging, that the security of this fund will be greatly improved by encouraging this change from personal to mortgage security, as no inconsiderable portion of that on personal security will be ultimately lost.

---

[3] The law was amended in accordance with this suggestion. *Laws of Indiana,* 1838-39 (general), p. 31.

Respectfully submitted,

N. B. Palmer,
Treasurer of State.

State Board of Internal Improvement: Annual Report[1]

[December 20, 1838]

To the General Assembly of the State of Indiana:

The State Board of Internal Improvement have the honor to submit herewith the Report of their Principal Engineer, which embraces a full detail of the various operations on the public works of the State since the last annual Report of the Board, and their present condition, including his views upon the incidental branches of the service.[2] It will be found, it is believed, that neither on canals or roads has there been wanting promptitude or energy, and that the prosecution of the system has been advanced as rapidly as the public expected and prudence would permit.

By October next, the Wabash and Erie canal will probably be completed from Lafayette to the Ohio line; and, as it is expected, the balance of the route also from that point to Maumee bay, as provided for by compact with that state; thereby creating a new and desirable channel for the commerce of the Valley of the Wabash, and a thoroughfare between the eastern and western extremes of the Union, unrivalled in its advantages. The facilities on this route, however, will not be consummated until the entire work is completed as contemplated by law, affording a certain intercourse, by the same means, to the Ohio river. In the spring, the White Water canal from Lawrenceburgh to Brookville will be finished and ready for navigation; and the New Albany and Vincennes road, from the former place to Paoli, will be completed; all of which will thenceforth yield an income to the state, and impart in some measure a cheerful influence upon the great enterprise in which the state is engaged.

---

[1] *Senate Journal,* 1838-39, pp. 245-52.

[2] For the engineer's report, see *ibid.,* 253-93.

The Madison and Indianapolis rail road is also completed and in use, from the inclined plane at the former place to the vicinity of Vernon, and will be as productive as might be expected between those two points. The locomotive now in use upon the road, is not the property of the State; it being believed that the one purchased for this purpose has been lost by the wreck of the vessel on which it was shipped; but, as ample insurance was taken, the state will in the end sustain no loss, except in the want of it for the present use. The appropriation originally made upon this work, has been all applied, and of course it will be out of the power of the Board to extend it, without some additional legislative sanction, which they earnestly recommend. How far this can be done, without authorizing upon one point an expenditure productive of sensitiveness at others, belongs exclusively to the deliberations of the General Assembly; but in their wisdom to devise some course by which an ample appropriation shall be made upon this road, without injustice to other interests, the Board have every confidence.[3] Already a large amount of money has been invested in its construction, but that investment having been upon the heaviest work at its southern extremity, only a short distance of this line is in exhibition. A prominent fact is, that the 26 miles already under contract, and nearly completed, will probably equal in cost the remaining 60 miles of the road.

At other points, important divisions of work are nearly completed; to wit: at Indianapolis, Terre Haute, and Evansville; and although these will not, for some time be productive in tolls, except in a very limited degree, yet the water power they afford will furnish a very considerable income to the state, in an aggregate not less than twenty-six thousand nine hundred dollars annually, when the whole power is leased; this estimate being predicated upon some leases already made, and upon the prices which have obtained elsewhere.

The policy which governed the Board in their incipient operations, in putting these divisions of work under contract, has been repeatedly explained and submitted; and as there has not been, within the knowledge of the Board, any act of the General Assembly by which it could be considered as deprecated, there was reason to believe it had been approved of.

---

[3] See above, 166.

New work has been put under contract, (in addition to the lettings previously authorized, and of which the General Assembly has been advised,) as follows: On the Wabash and Erie canal north of Lafayette, thirty-five sections; and south of Lafayette, in the vicinity of Covington, five sections; on the Central canal north of Indianapolis, thirty-nine sections; and south of Indianapolis, twelve sections, including what is designated as the southern division of said canal; on the White Water canal, forty-eight sections; and on the Erie and Michigan canal, ten sections; on the road from Jeffersonville to Lafayette, between the latter place and Crawfordsville, twenty-seven sections; and between that point and Greencastle, fifteen sections; and from Salem to New Albany, thirty-three sections; on the New Albany and Vincennes road, between Paoli and Mount Pleasant, twenty-five sections; and on the Madison and Indianapolis rail road, four sections.

On the Northern, or Erie and Michigan canal, it will be recollected, that there has been some delay, which caused the citizens in that quarter to manifest great dissatisfaction; and their representatives to press upon the Board, from time to time, the expediency and necessity of a commencement of operations forthwith. This delay was from no unfriendly spirit in the Board, but from the uncertainty, after various reconnoisances and examinations had been made, as to the actual supply of water, and the most eligible route. The country was new, and its localities and resources not well known; it required a minute exploration; and as in addition, the work when once commenced, could not be easily altered, and was to be regarded as a monument both of the skill and enterprise of the age, the Board preferred to stand for a time, the brunt of popular displeasure, sooner than to act precipitately. The commencement and progress of the work now manifest that the difficulties which caused them to pause, are removed from the minds of the Board. It is impossible to look at the map without being struck with the importance of this canal, and the effect it must have in diverting the commerce which now floats upon the Lakes, and has to undergo a tedious, stormy, and dangerous circumnavigation before it can reach Chicago. But to realize this importance, it must be connected with the Illinois canal, and the Board respectfully suggest to the General Assembly, to have some arrangement set on foot, for the purpose, so that the two states, in making the contemplated junction, may act in unison.[4]

In fact, Illinois has anticipated Indiana in this matter, by having already run, with this object in view, a line to the boundary of the two states, at the supposed point of approach on the part of Indiana, thereby inviting her to do what her duty, interest, and character, seem to require. She has on several occasions, manifested a lively disposition to unite the destiny of some of her public works with ours, and seems to have been uniformly actuated by a sense of exalted liberality. It will be recollected, that the first appropriation made by this state, for the improvement of the Wabash, was promptly met by Illinois; and that subsequently, when this state appropriated $50,000 towards the same object, the call was answered by Illinois, with an appropriation of $100,000. In connection with these facts of mutual friendliness, the Board beg leave to invite the attention of the General Assembly to the advances made by Illinois to this state upon the Upper Wabash. She has ordered a Railroad to be constructed from Alton on the Mississippi, thence through the heart of the state, and finally through Paris to the boundary of the state in the direction of Terre-Haute, with a view of connecting with our public works at that place. The distance from the terminating point at the boundary line to the latter place being only seven miles. She has also directed that a branch of the same road, running through the northern interior, should be constructed to Danville, with a view of forming a connexion with the works of Indiana at Perrsyville or Covington, or at some point further north. These works are now being constructed by her, and under contract at Danville; and between Paris and Terre-Haute, the grading, culverts, bridges, and all things preparatory to laying the rails, are nearly completed up to the boundary line; but there the intended intercourse is, for the present, put a stop to, as Indiana has taken no steps to meet her in her march of improvement. The board need not remark that the great advantages accruing to this state, by a connexion at any or all the points mentioned, are palpably manifest. They beg to be excused for further suggesting, that if it should be the pleasure of the General Assembly to entertain these subjects, any appropriation made might not be considered as swelling the amount of ten millions originally appropriated for the proceeds of the canal grant from the mouth of Tippecanoe, will, of themselves, if realized, more than complete the canal to its junction with the Central canal, leaving untouched the specific appropriation of one million three hundred thousand dollars, now included in the ten million appropriation. An arrangement, including these objects both in the north and south, could be entered into at the same time, and doubtless effected upon some basis of reciprocity mutually acceptable to the parties.[5]

---

[4] By joint resolution of the General Assembly, Governor Wallace was directed to inform the Governor of Illinois that an act had been passed authorizing the survey of that part of the Erie and Michigan Canal necessary to connect it with the branch canal contemplated to be built in Illinois, thus making a link between the Michigan and Illinois Canal and the Erie and Michigan. *Laws of Indiana,* 1838-39 (local), p. 357.

On the northern division of the Central canal, the Board have had doubts as to the most eligible route, and from time to time have been so embarrassed by the results of successive surveys, as to excite the apprehension of great delay and disappointment; but the route has been at last permanently adopted along the valley of White river, and passes through both Noblesville and Andersontown.

In relation to the desired connection between the Central and Whitewater canals, the Board have no further information to submit in addition to that contained in their last annual report; and respectfully invite the attention of the General Assembly to the subject; the more especially as, during their last session, it was in contemplation, by some of those immediately interested, to substitute a different kind of improvement from those originally intended.

---

[5] The General Assembly passed a bill granting the state of Illinois the privilege of connecting the Northern Cross Railroad in Illinois with the Wabash and Erie Canal at Covington; the work was to be begun in three years and finished in ten. *Laws of Indiana*, 1838-39 (general), pp. 78-79. The railroad was never built, however.

The canal route between Hagerstown and the Cumberland road has been permanently established.

On the Jeffersonville and Crawfordsville road, two lines have been run between Greencastle and Spencer, and enough ascertained to satisfy the board of the entire practicability of passing through the latter place; but as it is said that there is another route to Spencer not yet surveyed, more eligible, the permanent location is postponed until the season will permit further examinations.

On the line between Paoli and Vincennes, there has been considerable excitement in consequence of the entire line between these points not being put under contract. During the winter session of the board, they adopted a resolution, "that the acting commissioner on the New Albany and Vincennes M'Adamised road, be and hereby is authorised to put under contract the grubbing, grading, and bridging of said road between Paoli and Vincennes, and the preparing of the metaling of said road[6] east of Paoli, all to be let in such manner, and in such places, as the Commissioner and principal Engineer may think best for the interest of the state, not exceeding in all $300,000." At their session in June afterwards, a majority of the Board put a construction upon this resolution, applying said appropriation in the first place to the east end of the road, in preparing and putting the metal on the same, directing the excess, whatever it might be, to be applied on the west end of the road, thereby lessening the expected operations upon it between Paoli and Vincennes. The Board cannot but regret that they should have given any cause for this excitement, but feel a thorough consciousness that, in the course pursued by them, they were impelled only by a sense of duty to the state.[7]

---

[6] The application of gravel or crushed stone to a road bed was known as metaling. According to the specifications, the stone was put on in two coats, the first six inches in thickness, the second one inch. After each coat was applied the stone was rolled with a heavy roller. Testimony of an engineer on the road before a Senate investigating committee, in *Documentary Journal,* 1841-42, Senate Doc. No. 6, pp. 551-52. A macadamized surface was produced by combining crushed stone with sand and silt (or clay) and moistening it to form a compact layer six to twelve inches thick. *Dictionary of American History* (5 vols. + index, New York, 1940), 3:9.

In the general statement of work put under contract, it has no doubt been observed that, in some instances, operations have been commenced at remote points upon the same line, for which the conduct of the Board has been impugned under a general charge of scattering the works over the State. Is the allusion to the division of work at Terre Haute? If so, the annual reports of this Board in 1836 and 1837 are referred to in explanation, in which will be found the specific reasons for the measure, the justness of which has never been heretofore questioned by official authority. Is it to the division at Indianapolis? Besides the above reference, the Board would inquire, is it not desirable to have this entire northern division, extending to the Wabash and Erie canal, finished simultaneously with the rail road from Indianapolis to Madison, thus affording facilities of travel and commerce between the Lakes and the Ohio, in this direction, and making the entire thoroughfare profitable? Or, leaving the public interest out of the question, would the citizens north of Indianapolis, locked up as they are in the interior, be willing to wait until they were reached by the Central canal in its slow approach from the Ohio river, necessarily slow from the length and heavy work on that part of the route? Is the charge intended to apply to the work commenced near Covington? The lettings there embrace only some of the heaviest work on the line, and it is expected that the entire route between that place and Lafayette will be finished about the same time; and as the canal from the north to

---

[7] This change of plans aroused the anger of Representative Samuel Judah, of Vincennes, since it violated promises made to him the previous winter by a majority of the members of the internal improvement board. Judah attacked John G. Clendenin, the member of the board responsible for work on the road, in a number of letters that appeared in the Vincennes *Western Sun & General Advertiser,* August 11, 1838 ff.

Lafayette is being completed, to stop the canal at that point, or continue it in the south, was the alternative presented.

A careful examination of the character of the several works in the State, without a single exception, shews that the operations upon each line must be in some degree separated, for the very obvious reason, that on each line there is a diversity of topographical presentations. To commence a section of simple excavation where there is merely enough of cutting to make the banks, and at the same time to commence a heavy bluff section, or mechanical structure of rock or wood, with a view to complete as they advanced, would be as bad a sample of economy as could well be adduced. While three or four months would only be necessary to perform the labor on the plain section, nearly as many years would be requisite in reducing the hills, and in procuring materials and rearing appropriate mechanical structures; the consequence of which would be the necessity of the payment of interest on the cost of light sections finished, and which would lie idle for years, subject to decay and injury, awaiting the finishing of the heavy work. Until, then, some plan can be devised whereby mountains can be removed with the same facility that plains can be crossed with public works, it will be impossible to move as the mole moves, completing as it advances. Again, is the allusion to the work between Lafayette and Crawfordsville, and the latter place by Greencastle to the Cumberland road? The great outlet for this populous and productive region of country is at the Wabash, and their heavy trade in commercial pursuits is carried on through that channel. Must they also wait upon the slow march of internal improvement from the Ohio river? Let it not be overlooked, that McAdamized roads are not, of themselves, a profitable investment; that they do not yield a percentage in proportion to canals and rail roads, but that their great benefit is in their wide spread stimulus to agriculture—to the farming interest in all its departments, equalizing communities, and never failing to improve and enrich the country through which they pass.

The States of Pennsylvania and Kentucky furnish ample evidence of this fact; and the latter, in prosecuting her views of enterprise and patriotism, is now pressing forward with improvements of this character to every section of the Commonwealth.

Besides these advantages to be promptly realized upon this division of work, it will be seen upon reflection, that this work will be made tributary to another public work, of a kind that generally yields a good profit, to the Wabash and Erie canal, to which its travel and trade have a natural tendency, thereby giving harmony to the system, and imparting to it a genial and sustaining influence. Indeed, so well satisfied was the General Assembly of the correctness of these views, that they were unwilling to trust to any discretionary power in the Board, and at the last session by legislative enactment, positively ordered this work to be put under contract from Crawfordsville to Lafayette. It is not, therefore, the Board humbly conceive, in their policy in commencing operations at certain points, that *they* have erred. The true cause of complaint, the startling amount of disbursements, springs from *the extensiveness of the system and the inherent qualities of the compromise between the different sections of the state, upon which it was predicated.* The Board have been impelled by a current they could not resist.

As to the best means to be adopted to circumscribe operations hereafter upon the public works, and curtail expenditures, that is an important matter, peculiarly within the province of the General Assembly in their supervisory power over all the respective interests of the State. It is for them, if they please, to order; for this Board to obey. Is the board of internal improvement to continue as at present organised? If so, the representative principle may shew itself. Is it to be reduced to three members, thus devolving upon them the power and duty of classification? If so, what works shall have precedence to the exclusion of others? where shall the labor be stopped, and at what point concentrated? And when the knife is applied to the system for the present, and the work done, will the parties to the compromise be better satisfied than at present, and magnanimously bear, without a murmur, the general pressure of taxation?

The Board, in deference to the General Assembly, will not presume to venture further upon this subject, than to assure the

General Assembly that any or all of them, now as heretofore, will cheerfully pursue any course in the management of the public works, which may be indicated as their wish, however prolific it may be in responsibility to the members of the Board individually or collectively. There is another branch of this subject which the Board feel constrained to introduce to the attention of the General Assembly, and that is, in relation to a Principal Engineer; an officer who, in the opinion of some, may be dispensed with, without detriment to the public service. They would, speaking from their experience, deplore such a result, as they do solemnly believe that such a change in the engineer department would inflict a deep and abiding wound upon the system, beget jealousies, mar the harmony of the works, and greatly increase their expense. They will here remark that the officer now in service in that capacity,[8] and who has the continued confidence of the Board, has been unremitting in his application to the duties of his station, and in his career of usefulness has furnished a system for the location and construction of McAdamized roads, containing important principles, which have been approved of in practice, and promise the realization of great advantages to the State. His pamphlet upon that subject is herewith transmitted.

The Board expected to have been able at this time to lay before the General Assembly the report of the engineer in the joint service of this State and Illinois upon the lower Wabash; but as he has but very recently left the field of active operations in a survey between the Grand Rapids and the mouth of that river, including the adjacent country, it has been out of his power to prepare and furnish it by this time.[9] In anticipation of that document, they feel at liberty to state, that the navigation of that part of the Wabash will prove to be much better than heretofore supposed.

---

[8] Jesse L. Williams.

[9] David Burr was the principal engineer on the Wabash River. His report, addressed to Thomas H. Blake and M. K. Alexander, commissioners of the states of Indiana and Illinois, was transmitted to the House on January 25, 1839. It is printed in the *Documentary Journal,* 1838-39, No. 27.

As soon as it is practicable to make it out, the General Assembly will be furnished with a report in detail, relative to the sales of canal lands, and of the accounts of the members of the Board separately, distinguishing their disbursements under proper heads. The special calls made shall also be faithfully attended to.[10]

The Board cannot close this report without adverting to the necessity of permanent legislative provision for the liquidation of interest accruing upon our state bonds. The data upon which was predicated the report of the Board of January 7th, 1837, having been varied by subsequent legislation in disposing of the surplus revenue for other purposes, it would give great advantage to the fund commissioners, in their negotiations for the sale of bonds, to be able to point to the means provided by the State to redeem her obligations.

By what process a sinking fund for this purpose is to be provided, is, of course, with the General Assembly; but the necessity for the adoption of some plan at this time, is urged upon their consideration.[11]

Respectfully submitted,

D. H. Maxwell
John Woodburn,
Samuel Lewis,
J. B. Johnson,
John A. Graham,
Elisha Long,
John G. Clendenin,
A. F. Morrison,
Thos. H. Blake.

Indianapolis, 20th December, 1838.

---

[10] The *Documentary Journal,* 1838-39, No. 23, gives the receipts and expenditures of the Wabash and Erie Canal and other internal improvement funds; *ibid.,* No. 32, is a statement of the accounts of the various members of the Board of Internal Improvement, including their receipts and disbursements.

[11] The general revenue bill passed at this session provided for a levy of 30 cents on each $100 of taxable property for the year 1839, most of it to be used for interest payments. *Laws of Indiana,* 1838-39 (general), pp. 27-28. It was estimated that this levy would produce about $300,000. Indianapolis *Indiana Journal,* March 9, 1839.

Fund Commissioners: Replies to Senate Resolutions[1]

OFFICE OF FUND COMMISSIONERS,
INDIANAPOLIS, 21st Dec. 1838.

HON. DAVID HILLIS, President of the Senate:

Please lay the enclosed reports before the body over which you preside, and oblige your ob't serv'ts,

CALEB B. SMITH, }
JAMES FARRINGTON, } Fund Com'rs.

The Fund Commissioners of the State of Indiana, in compliance with a resolution of the Senate, requesting them to report whether in their judgment the interest of the State would require that in making further loans, an agent should be despatched to Europe to make sale of the State Bonds, and also a comparative statement of the advantages of selling the State Bonds in eastern cities of the United States and in the European market, report:

That from the information they have been enabled to obtain . . . they are not aware that any decided advantage would accrue to the State by sending an agent to Europe to sell her bonds. . . . The principal bankers in Europe have their agents in this country, by whom they are advised and guided in their operations in American securities, and through these agents their purchases are generally made. The difference in the price of the stock whether sold in the eastern cities or in Europe is the rate of exchange between the two countries at the time of the contract and the usual commission charged on sales. The general average of exchange may be considered as 9 per cent.; the commission or profit from a half to one per cent. If the sale is abroad, the exchange is off; if in this country, the exchange is added to the price in the foreign market. . . .

Those states that have borrowed the most extensively, and whose credit is among the first, have generally made their loans in this country; and the result that has attended the negotiations of states that have made sales through their agents in Europe, have been understood to be on terms less favorable than if made in this country.

---

[1] *Senate Journal,* 1838-39, pp. 306-10.

The Board, in the present year's loans, have executed 1,000,000 dollars of sterling bonds, the principal and interest payable in London, as they are more sought for, and a readier sale in the foreign market, and when introduced, it is believed they will eventually command a better price than the dollar bonds. The difference between the bonds in sterling and the dollar bonds is about 9 per cent. The exchange and commission on the interest payments in London will make the value of the present million sterling equal to the dollar bonds sold in this country at 90.

In the sale of sterling bonds in this country, we get the difference of exchange, which will have to be repaid on the final payment of the loan.

The Board have thus far avoided the making of 6 per cent. bonds, which they are authorized to do, and the sales of the 5s are yet on more favorable terms than 6 per cents at par, the difference between the present value of 5 and 6 per cent. stocks, having 25 years to run, is about 14½ per cent. A sale of 5 per cent. stocks in this country at 85½, is equal to a sale of 6 per cents at par.

Respectfully submitted,

CALEB B. SMITH, } Fund Com'rs.
JAMES FARRINGTON, }

The Board of Fund Commissioners in compliance with a resolution of the Senate . . . present . . . the following statement of the amount of State Bonds sold on account of the Wabash and Erie Canal Fund, and the Internal Improvement Fund, with the amount of premium received upon the respective sales.[2] [See tables on pages 240-41.]

The whole amount of bonds sold on account of the Wabash and Erie Canal Fund as appears from the . . . [first table], is one million three hundred and twenty-seven thousand dollars, and

---

[2] In a similar report sent to two members of the ways and means committee of the House, the Fund Commissioners added a list of the bonds sold on account of the State Bank, amounting to $1,390,000, on which the amount of premium was $29,900; and bonds sold for the Lawrenceburgh and Indianapolis Railroad Company amounting to $221,000. The grand total of all bond sales, after deducting premiums, was $7,238,000. *House Journal,* 1838-39, p. 402.

BONDS SOLD ON ACCOUNT OF WABASH AND ERIE CANAL

Date of Sale	To Whom Sold	Am't of Bonds	Rate of Interest	Prem. per cent.	Am't of Premium
August 18, 1832	J. D. Beers & Co., New York	$ 100,000 00	6 per ct.	13 26/100	$13,260 00
February 28, 1835	Prime, Ward & King, New York	300,000 00	5 per ct.	2 5/100	6,150 00
April 17, 1835	Secretary of War, Washington	65,257 42	5 per ct.	7	4,568 02
August 8, 1835	J. J. Cohen, Jr. & brothers, Baltimore	200,000 00	5 per ct.	5	10,000 00
September 8, 1835	Prime, Ward & King, New York	40,000 00	5 per ct.	5	2,000 00
July 1, 1836	Secretary of War, Washington	2,742 58	5 per ct.	7	191 98
July 28, 1836	J. J. Cohen, Jr. & Brothers, Baltimore	100,000 00	5 per ct.	par	
July 28, 1836	Thos. Biddle & Co., & Morris Canal & B. Com.	139,000 00	5 per ct.	1	1,390 00
June 20, 1837	Messrs. Christmass, Livingston, Prime & Coster of New York	30,000 00	5 per ct.	par	
July 20, 1837	Morris Canal & Banking Company, N. Y.	350,000 00	5 per ct.	2	7,000 00
	Total	$1,327,000 00			$44,360 00

BONDS SOLD ON ACCOUNT OF INTERNAL IMPROVEMENT FUND

Date of Sale	To Whom Sold	Am't of Bonds	Rate of Interest	Premium per cent.	Am't of Premium
July 28, 1836	J. J. Cohen, Jr. & Brothers, Baltimore	$ 400,000 00	5 per ct.	par	
Nov. 16, 1836	Thos. Biddle & Co., and Morris Canal & Banking Company	450,000 00	5 per ct.	1	4,500 00
July, 1837	Morris Canal & Banking Company	400,000 00	5 per ct.	par	
Sept., 1837	Morris Canal & Banking Company	1,050,000 00	5 per ct.	2	21,000 00
Oct., 1837	Morris Canal & Banking Company	200,000 00	5 per ct.	3	6,000 00
June 11, 1838	Staten Island Whaling Company	40,000 00	5 per ct.	par	
July 6, 1838	Western Bank of New York	300,000 00	5 per ct.	par	
Oct. 24, 1838	Erie County Bank	100,000 00	5 per ct.	par	
Oct. 24, 1838	Detroit & Pontiac Rail Road Company	100,000 00	5 per ct.	par	
Nov. 16, 1838	Staten Island Whaling Company	60,000 00	5 per ct.	par	
Nov. 28, 1838	Morris Canal and Banking Company	1,000,000 00	5 per ct.	par	
Nov. 28, 1838	Morris Canal and Banking Company	200,000 00	5 per ct.	par	
	Total	$4,300,000 00			$31,000 00

the amount of premium received, is forty-four thousand five hundred and sixty dollars.[3]

. . . .

The funds received upon the sale of state bonds have been deposited in New York, principally with the Morris Canal and Banking Company, and the Merchants' Bank, they allowing the State 5 per cent. interest until the money was drawn.

The disbursements upon the several works have been made by the branches of the State Bank, most convenient thereto, and for the amount paid by them, the fund commissioners have, during the past year, given their drafts upon the funds of the State in New York, payable sixty days from the expiration of the months in which the payments were made. By this arrangement the funds of the State have been left on deposite an average of seventy-five days after payment made to contractors, and the State has received the interest during that period while the banks have had the benefit of the exchange as a compensation for the trouble and expense of disbursing and the loss of the use of it for seventy-five days.

The interest to be paid during the next year upon the bonds now sold with the commission, and exchange for the payment of interest upon sterling bonds will be $287,169 25.

The Board of Fund Commissioners have been authorized by the Board of Internal Improvement to sell one million of bonds in addition to those now sold. Should these be sold, the interest to be paid next year, with commission and exchange, will be $341,769 25.

Respectfully submitted,

CALEB B. SMITH, }
JAMES FARRINGTON, } Fund Com'rs.

---

[3] The Fund Commissioners reported on February 12, 1839, that they had effected a further sale of $800,000 sterling bonds, and $400,000 of dollar bonds for the canal to the Morris Canal and Banking Company on the same terms as the last loans. The time of payment was graduated so as to meet the probable requisitions on the public works. *Senate Journal,* 1838-39, p. 673.

Commissioner of the General Land Office to Wallace[1]

27 December 1838

SIR, Your letter of the 15 September last, to the Secretary of the Treasury, has been referred to this office, accompanied by lists No. 1 & 2 of certain selections made by you by virtue of the right claimed by the State of Indiana under the act of Congress approved 2 March 1827 to make further selections of land to aid in the extension of the Wabash and Erie Canal to Terre Haute.[2]

The following question among others relative to the claim of Indiana was propounded to Attorney General Butler viz

"Has the State by the Governor or other authorised agent a right to make the selection in the first instance, and report such selection to the Secretary of the Treasury or other officer for subsequent confirmation or recognition?" to which he replied in the negative. . . .

In consideration of the different opinions entertained as to the right of the state to make additional selections of land for the object mentioned, the Secretary of the Treasury concluded to recommend that the whole matter be presented to Congress with a view of obtaining a declaratory act on the subject. For your information I have the honor to enclose herewith a copy marked B of the Secretary's letter of the 18 Inst indicating the course which it was deemed proper to pursue in this case[3], and beg leave to add that pursuant to his recommendation the subject has been submitted to Congress by the President as the late Attorney General was of opinion that the right to make additional selections is not vested in the state by the act of 1827 and as the whole matter, as stated, has been referred to Congress in order to obtain further legislation thereon, it will be seen that this office is necessarily precluded from recognising the selections that you have made or admitting your right under existing laws to make such selections.

---

[1] General Land Office, Miscellaneous Letters Sent, Vol. 10, p. 153.

[2] See above, July 26, 1838, for an earlier letter of Whitcomb on the same subject; also Wallace's reference to the matter in his message, 171-77n. Wallace's letter to Whitcomb has not been found.

[3] The letter is printed in *House Executive Documents,* 25 Congress, 3 session, Vol. 3: No. 32, p. 3.

When the papers that have been sent to Congress in relation to this claim shall be printed, it will afford me pleasure to avail myself of an early opportunity of transmitting you a copy

With great respect I am Your Obt Sevt

Jas Whitcomb Commissioner

Wallace: Reply to Senate Resolution[1]

Executive Department,
Indianapolis, Dec. 28, 1838.

Hon. David Hillis, President of the Senate:

Sir:—In compliance with the request of the Senate, contained in their resolution of 10th December, I herewith transmit to them through you, the correspondence and documents in my possession received from the Governor of Michigan in relation to the improvements of the St. Joseph river.[2]

Also in reference to the documents and correspondence called for by the resolutions of the Senate of the 15th and 18th December, "relative to the removal of the Pottawatamies from our state, the calling out of troops, &c;"[3] and "to the selection of lands under the act of the 2d March, 1827, for the purpose of constructing a canal from the navigable waters of the Wabash river to the navigable waters of Lake Erie."[4] I have to reply that they are all in the possession of the House of Representatives; having been left there with the message.

David Wallace

---

[1] *Senate Journal,* 1838-39, p. 318.

[2] This correspondence was not printed in the *Senate Journal* and no copy has been found.

[3] Printed in *Senate Journal,* 1838-39, pp. 716ff.

[4] See above, 144-46, 171-77n, and *House Executive Documents,* 25 Congress, 3 session, Vol. 3, No. 32.

Certification of Election of United States Senator[1]

[January 11, 1839]

TO HIS EXCELLENCY THE GOVERNOR OF THE STATE
OF INDIANA

GENERAL ASSEMBLY OF THE STATE OF INDIANA—sct

We the undersigned David Hillis President of the Senate, and Thomas J Evans Speaker of the House of Representatives do hereby certify that on the 12th day of December A. D. 1838 Albert S White was by joint vote of the two Houses of the said General Assembly according to law duely elected senator of the U S Congress for the State of Indiana for six years from and after the third of March next to supply the place of the Hon John Tipton whose term of service will expire on the day last aforesaid. In testimony whereof we have hereunto set our hands, and seals this 11th Day of January 1839—[2]

DAVID HILLIS
President of the Senate
TH J EVANS
Speaker of the House of Reps

---

[1] Election Returns, Archives Division, Indiana State Library.

[2] Although the Whigs were in a majority in both houses of the General Assembly, they were unable to unite on a candidate for the Senate seat about to be vacated by John Tipton. Noah Noble and Thomas H. Blake were the two leading Whig candidates; Ratliff Boon, Tilghman A. Howard, and Charles Dewey were the leading Democrats seeking the post. It proved to be the bitterest battle yet waged in the General Assembly for the election of a United States Senator. Albert S. White was brought forward as a compromise candidate on the thirty-second ballot and elected on the thirty-sixth ballot. White had been elected as a Whig to Congress in 1837, but the *Indiana Democrat* considered his course as "courteous to the administration" and therefore acceptable to the Democrats who joined with some of the Whigs to elect him. *Indiana Election Returns, 1816-1851,* 132-33; Indianapolis *Indiana Democrat,* December 15, 1838.

Following the election at least two legislators tried to prevent a recurrence of such a stalemate by recommending that the law be changed to permit voting by ballot rather than viva voce, but no change was made. Indianapolis *Indiana Journal,* December 22, 31, 1838; *Senate Journal,* 1838-39, p. 141.

Select Committee of the House: Report on State Revenue[1]

[January 14, 1839]

The select committee to whom was referred a resolution of the House, instructing them to inquire into the causes of the diminution of the revenue in several counties of the State, and also to suggest a remedy for the evil, have had the same under consideration, and would respectively submit the following report:

That a great inequality does exist in the assessment value of land in the State, there can be no doubt. A glance at the Auditor's report will satisfy the most incredulous on this subject. In many counties in the State land has depreciated in value beyond any former example, or else the assessors, have not done their duty; and when it is known that those counties in which the greatest depression in the price of land has occurred are internal improvement counties, and have had millions expended within their limits, and blessed with the richest soil in the State, your committee cannot avoid expressing their fears that there has been a wanton direlection of duty on the part of the officer charged with the assessment. In 1836, the internal improvement law was passed; it was argued by the friends of the system, that in consequence of the location of the public works, lands in their vicinity would be greatly enhanced in value. The proximity of land to a rail road or a canal, would be the criterion of its value. It was maintained that the counties most benefited by the system of internal improvement would pay the most revenue into the treasury, and the counties not benefited would pay the customary tax. Consequently no injustice on the score of taxation would be done to any portion of the State. This rational inference, drawn from the reasoning of the friends of the system, had the effect to reconcile to some extent the dissatisfied counties in the State to the policy.

The argument however has proved to be fallacious, and the hope based upon it a delusion. In many counties where a great increase of revenue was anticipated, there has been an annual falling off since the year '36. In many of the accommodated counties there have been vast accessions to the taxable lists, notwithstanding, the revenue continues to diminish.—By reference to the report of the Auditor of State, it will be seen that in 1837, the aggregate amount of land in the state, subject to taxation for that year, was a fraction over 6,000,000 of acres, the value of which was estimated at $61,000,000. In 1838, 1,000,000 of acres was added to the tax list of taxable lands throughout the state, nevertheless, the aggregate value of the whole was estimated at $60,000,000. An increase of taxable lands to the amount of a million of acres, and yet a decline in the value of the whole of *one million of dollars*!!! It does seem to your committee, that in the counties in which millions of dollars have been expended, and where every article of produce has commanded a high price, and where the soil is equal in fertility to any in the world, land should have maintained its value. The expenditure of money within their limits and the great demand for the products of the farm created by the importation of swarms of laborers, should, it would seem to your committee, have operated favorably upon the price of land for the time being; but your committee regret to say, that instead of these salutary results from the system of improvement upon the value of land in the vicinity of the works, the reverse has happened. . . . In proof of this assertion the following facts are submitted.

---

[1] *House Journal,* 1838-39, pp. 268-70.

In the county of Floyd, which has the largest commercial town in the state, distinguished for its enterprise, and active capital, the terminus of two important public works, where thousands of dollars have been scattered among the community, and where there has been an increase in the quantum of taxable lands, *there has been a falling off in the revenue of* $267.00! Notwithstanding the expenditure in Jefferson of near a million of dollars, that county has increased in revenue only $42, while the county of Scott, not touched by an improvement, has increased $14. The county of Tippecanoe with an addition to her list of taxable lands of forty thousand acres, has *decreased* in revenue $300, while Jackson, a county as remote from the public works as any in the state, has *increased* $445. The county of Fayette, an internal improvement county, has *decreased* $719, while Clark has increased $640. The county of Dearborn has *decreased* $767, while Switzerland has increased $215. Vanderburgh county, in which the Central canal terminates, has decreased $250, while Perry, with a poor soil and wholly neglected, has increased $107. The county of Carroll, through which the Wabash and Erie canal passes, with an accession of 226,000 acres of land to her tax list, has returned to the treasury only $147 more this year than last!

Your committee might go on multiplying examples of this kind, all tending to prove the inequality complained of, but further facts are deemed useless. That there is something wrong in the mode of assessing or in the practical operation of the internal improvement system, there cannot be a doubt. So great a transition in so short a time, may well give rise to dissatisfaction. Your committee will not indulge in the expression of their feelings and opinions in reference to a supposed cause for the delinquency. They regret that there should be the slightest cause for suspicion of injustice or collusion in assessing the revenue in any county of the state, but a sense of duty compels them to say, that the impression *that the prominent* friends of the present system of internal improvement, have exercised an influence in some counties of the state so as to prevent a fair and just assessment of lands with a view to guard against oppressive taxation, and thereby keep the people of those counties reconciled to the system, is not without grounds to support it.

In conclusion, your committee would recommend the adoption of the following resolution:

Resolved, That the committee of ways and means be instructed to inquire into the expediency of organizing by law a state board of assessors, or district boards, with such authority and powers as will enable said board to equalize taxation in the several counties in this state, according to the true intent and meaning of the ad valorem system of taxation; with leave to report by bill or otherwise.[2]

[NATHANIEL J. FIELDS]

---

[2] The ways and means committee reported a bill to provide for the appointment of a state board of equalization but it was tabled on second reading. *House Journal,* 1838-39, pp. 470, 525.

Ways and Means Committee of the House: Majority Report on Fiscal Matters[1]

[January 24, 1839]

A majority of the committee of Ways and Means, whose duty it is to examine the offices of Treasurer and Auditor of State, the condition of the Treasury, and generally all things connected with the administration of the fiscal concerns of the State, submit the following Report:

That the committee have examined the books, papers, vouchers, warrants, and cash on hand in the offices of Treasurer and Auditor, and find the same correct. The books are neatly kept, and the various duties of both offices are, in the opinion of your committee, faithfully and diligently performed.

The following tables and abstracts present a detailed view of the present condition of the public finances, together with an estimate of their prospective operation.

Abstract No. 1, contains a statement of the assessments, collections, and payments into the Treasury for the year 1838, by which it will be seen that the nett amount of revenue for that year was $172,447 21, and that the amount paid into the Treasury up to the close of the year was $160,263 87.

Statement No. 2, exhibits the receipts and expenditures for the year 1838, by which it will be seen, that the balance remaining in the Treasury on the 1st day of January, 1839, was $166,982 12.

Statement No. 3, exhibits a list of balances due the State from collectors of former years.

Statement No. 4, shews the available means of the Treasury for the current year, 1839, and an estimate of the expenditures for the same period, by which it will be seen, that after defraying the expenses of the year, there will remain in the Treasury $35,276 37. This amount, if no appropriations be made, other than are now provided by law, may be safely set apart towards discharging interest on improvement loans, and which the committee recommended be so disposed of; the more particular manner of which the committee will hereinafter suggest.

---

[1] *House Journal,* 1838-39, pp. 367-69; *Documentary Journal,* 1838-39, No. 28. The statistical tables accompanying the report are given in the *House Journal* and *Documentary Journal* but have not been included here.

The magnitude of the system of improvements, undertaken by the State, imposes upon the General Assembly, the obligation of providing undoubted means for the discharge of every public engagement, and in such manner as to insure confidence in our ability and readiness to fulfil with certainty and promptitude, every just expectation predicated upon the high credit which the State has hitherto sustained.

To carry out this, it will be indispensable to make some permanent legislative provision for the future regular payment of interest on the public debts.

While the committee have undoubted confidence in the means and resources of the State, and of the willingness of the people to contribute in aid of the great work in which the State has embarked, nevertheless it is requisite, that, when necessary to draw upon the resources, by taxation, the burthens should be equitably and equally imposed, and limited in their extent, to the lowest possible amount required to discharge the best obligations of the State.

After surveying the whole ground, and consultation and advice with public officers and others conversant with the public finances, the committee have arrived at the conclusion that the revenue system at this time most advisable, is presented in the following outlines of the revenue bill which the committee will report to the House, and the passage of which they recommend.[2]

For the Ordinary Expenses of the State

1st. A poll tax of $1 on each poll.

2nd. A tax of $5 on professions, to wit: $5 on each practising lawyer and physician.

3d. A tax on public officers, viz: $10 each on members and officers of the General Assembly, Treasurer, Auditor, and Secretary of State, and public Printers, and of $5 each on Clerks of the circuit court, Recorders, and Sheriffs.

---

[2] None of the recommendations set forth by the committee became law. A bill taxing professions was introduced but received no further consideration. *House Journal,* 1838-39, p. 470.

A Statement No. 5, is herewith appended, exhibiting the results of receipts and expenditures of the State for 1840, based upon this proposition, by which it will be seen that the assessment for 1839 will produce an adequate amount to meet the disbursements of 1840.

For providing means to pay interest on Improvement Loans

By a property tax of 30 cents on each $100 of valuation of taxable property, for the years 1839, 1840, and 1841; and a levy of 25 cents on each $100 for the years 1842, 1843, and 1844, and a levy of 20 cents on the $100 for each of the years 1845, 1846, 1847, 1848, and 1849, an amount may be realized sufficient, (with other means enumerated in the report of the Principal Engineer) to discharge the entire amount of interest on the improvement loans down to the year 1850.

. . . .

In arranging the tax to be levied for a series of years, and reducing the amount at intervals, it necessarily occurs, that in some years there will be a deficit, and in others an excess. The principal deficits will occur in the first two years, after which there will be an excess for the next succeeding four years. The deficit of 1840, however, will be readily met by the surplus which will remain in the treasury at the close of 1839. As the deficits and excesses of the remaining years alternate, it is presumed that no inconvenience will arise. . . .

Although objections may be made to the mode proposed for raising revenue to defray the ordinary expenses of the State, yet the committee cannot believe that any serious opposition will be made to the proposition, when the fact is obvious, that a poll tax of $1 is low in proportion to the property tax, and that those who pay on property, also pay a poll tax the same as those not paying property tax.

The benefits of the government and the administration of the laws, are alike a protection and a blessing to all; and surely no citizen enjoying these, will object to pay the small sum of $1 annually for the support of the government.

The propriety of taxing officers and professions, the committee think, cannot be doubted, as the possession of the one, and the acquirements usual in the other, are equal in their profits and advantages, to an amount of (other) capital sufficient at least to charge them under our revenue laws, with a tax equal to that now proposed.

As the proper officers have made the necessary arrangements for the interest on the public debt for 1839, the committee have omitted that year in their estimates.[3]

In accordance with these suggestions and recommendations, the committee will report A bill prescribing the mode of levying the taxes; A bill presenting the duties of county treasurer, by which the treasurer is made the collector, and the fees for collection reduced; A bill prescribing the duties of county auditor, and providing for his appointment; A bill providing for the redemption and final disposition of lands sold for taxes.[4]

R. J. HUBBARD, Chairman

---

[3] The minority report of the ways and means committee, signed by Samuel Judah, G.P.R. Wilson, W. Parker, and A. M. Puett, stated they had no reason to believe that any arrangements had been made for the payment of the interest. In addition, they pointed out that the taxes proposed by the majority were not equitably and equally imposed on the taxpayers. In their opinion, taxes for internal improvements should be assessed on the counties and townships in the proportion that each was expected to benefit from such improvements. They favored an increase in the capital of the State Bank and the formation of an internal improvement sinking fund to which could be appropriated such items as: money due from canal lands, tolls and rents for water power, interest on first and second installments of surplus revenue fund as soon as present commitment should expire, the whole Cohen compromise property, all profits on future state investments in bank stock, and the original and as yet unappropriated capital in the twelve branches amounting to $960,000. The report is in the *House Journal,* 1838-39, pp. 397-99, and in *Documentary Journal,* 1838-39, No. 29. See also Samuel Judah to Noah Noble, November 6, 1839, below.

[4] On the day this report was made the committee introduced three bills: to provide for the appointment of county assessors, to prescribe the duties of county auditors, and to prescribe the duties of county treasurers. No further action was taken on these. *House Journal,* 1838-39, p. 383. On February 1, the committee presented its bill "pointing out the mode of collecting taxes, and the per centum for state purposes," which was passed. It provided for a poll tax of 50 cents and 30 cents on each $100 valuation of taxable property, the latter to be used for internal improvement purposes. *Laws of Indiana,* 1838-39 (general), pp. 19-28.

Samuel Judah to Wallace[1]

The undersigned respectfully recommends Mr. Cox case and his own precisely like it to the attention and favour of Gov'r Wallace.

Feb'y 9, 1839 SAM'L JUDAH

[Enclosure]

January 27th 1839

DEAR SIR

From various causes Which is unnecessary to detail, I have defered writing to you untill this late hour. I Wishe you to Intercede with his Exclency the Govenor on my behalf respecting my treating a few friends previous to the late August Election and I will do as much for you when opportunity offers.[2]

I have been in verry bad health and have not examined the proceedings of the Legislature. I was much pleased with message of the Govenor with the exception of an Item or two I[f] your Bill to reduce the board of Inturnal Improvement will pass I also think the Capital of our state Bank ought to be increased

Yours truely

JONATHAN P COX

SAMUEL JUDAH

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Cox and Judah had been opposing candidates in the August, 1838, election to represent Knox County in the House of Representatives. Judah was elected. The Knox County Grand Jury at its September term, 1838, presented evidence to show that Judah had treated the voters with wine, brandy, gin, rum, and whisky at the various polling places in the county. Transcript of Proceedings in Knox County Circuit Court, in Secretary of State file, Archives Division. Another request for pardons for the two men, signed by George Boon, John Reily, A. Kinney, J. T. Moffatt, and others, bears the endorsement of Governor Wallace that a pardon was issued to each of the men on February 12, 1839. Pardons and Remission of Fines, Archives Division, Indiana State Library.

In a letter to the voters following the election, Judah claimed that Samuel Merrill, president of the State Bank, and the officials of the Vincennes Branch, had used their influence to try to defeat him for his course against the bank at the last session of the legislature. Vincennes *Western Sun & General Advertiser,* August 11, 1838. Judah was chairman of the special committee that investigated the bank. Their report is printed in *House Journal,* 1837-38, pp. 390-510.

Wallace: Nominations for Fund Commissioner[1]

EXECUTIVE DEPARTMENT,
February 14, 1839.

HON DAVID HILLIS, President of the Senate:

SIR—I nominate for the confirmation of the Senate, James Farrington of Vigo county, Milton Stapp of Jefferson county, to serve as fund commissioners, for the term of three years from the first day of March next agreeably to the act of the General Assembly of the state of Indiana; approved February 14, 1839.[2]

DAVID WALLACE

Milton Stapp to Noah Noble[1]

CITY OF NEWYORK April 20th 1839

NOAH NOBLE Esq President B. I. I.

SIR, I, on this day closed a contract with the Morris Canal & Bkg Co. for $400,000 for our works of Internal improvement, $200,000 sterling bonds 5 per ct at 98 cts to the dollar & $200,000 5 per cent dollar bonds at 88 cts. This is something better than

[1] *Senate Journal,* 1838-39, p. 687.

[2] The act referred to abolished the board of Fund Commissioners as then constituted and provided for the appointment by the Governor with the consent of the Senate of a new board of two commissioners, who would hold office for three years. The duties of the former board were transferred to the new one, including the negotiating of such loans as they deemed conducive to the interest of the state. *Laws of Indiana,* 1838-39 (general), 29-30. The nomination of Farrington was confirmed by the Senate on February 14 by a vote of 39 to three, that of Stapp by 35 to seven. *Senate Journal,* 1838-39, pp. 687-88. The Fund Commissioners replaced by the new law were Isaac Coe, Caleb B. Smith, and James Farrington, the last being appointed to the new board. Farrington had received an interim appointment from Governor Wallace on April 23, 1838, vice Samuel Hanna. He resigned almost immediately after the Senate confirmation and Demas Deming was appointed in his place on March 23. He did not accept, and Lucius H. Scott was appointed on April 8. Indianapolis *Indiana Journal,* February 15, March 23, April 20, 1839; Record of Executive Commissions, 1837-1845, in Archives Division.

The fact that the Fund Commissioners were required to give bond for $100,000, conditioned on the "faithful and correct discharge" of their duties, may have been a deterrent against acceptance of the position.

---

[1] Noah Noble Papers, Indiana State Library.

6 per ct bonds at par, and the best that can be done with our bonds at present. The Ohio 6 per cent bonds were put in market by advertisement on the 18th and it is understood that no offer whatever was made for them. This sum of $400,000 is absolutely necessary at this time to cary on our works and save the credit of the state, a portion of it is payable 1st May and 1st June so as to meet, and supply failures from other sources. You can now put the rail road under contract with safety.[2] We want about $300,000 more for our works during the financial year to 1st March next which I hope we can obtain in time on better terms

Very respectfully Your obt St

MILTON STAPP

Milton Stapp to Noah Noble[1]

CITY OF NEWYORK April 26th 1839

DEAR SIR . . . I will refer you to my letter to Gov Wallace[2] as to the particulars of the $400,000 loan I made on my own responsibility, having no associate. Mr. Merril has made a loan for the Bank, $1,000,000. My opinion was that he ought not to go higher than 6 or 800,000 at furthest, and I believe Merril thought with me, but Doctor Coe was anxious for him to take the 1,500,000, —so was Farington & James M Ray & others. I think Merril was governed too much by their opinion but it may be for the best There are many stocks in market, from all parts of the United States. I think if stocks rise again you had better authorise the loaning of a million ahead so as to take advantage of the situation of stocks. We want 5 or 600,000 more for our operations to the 4th of March but we will wait a while for better terms. I think I will be at home by the 1st of June or before

Very respectfully Your obt st.

MILTON STAPP

[Addressed:] Noah Noble Esqr Indianapolis Indiana

[2] The reference is to the Madison and Indianapolis Railroad.

---

[1] Noah Noble Papers, Indiana State Library.

[2] Not found.

Samuel W. Harlan to Secretary of State[1]

State of Indiana } Ss
Delaware County }

I Saml W Harlan Clerk of the Delaware Circuit Court do certify that Joseph Thomas has resigned the office of sheriff of the County of Delaware and State of Indiana which resignation is to take effect on the fourth day of June next.

Witness Saml W Harlan Clerk of the Delaware Circuit Court & its seal May 30, 1839

SAML W HARLAN Clk DCC

MUNCIETOWN May 30th 1839

SIR, Enclosed you have a certificate of the resignation of Joseph Thomas Sheriff of our county which is to take effect on tuesday next. the reason the resignation does not take effect amediately is that an individual is now confined in our jail on a charge of Larceny and if the sheriff goes out of office amediately there will be no person to take charge of him the sheriff has tried to procure a jailor but cant do so. An other reason is that there is business of importance to be done and the coroner is not in my opinion capable to discharge the duties and that he the coroner a fiew days since brough me his books and requested that I should write his resignation but knowing that his time expired in August next and no business for him to do I neglected to do so but since the sheriff is about to resign he has come and demanded his books and is determined to have the business of sheriff.[2] James O Leas is an applicant for the appointment until august, and from my acquaintance with him I think he would make a good sheriff, and I have no doubt but general satisfaction will be given if he is appointed he will present you with a recommendation with the principal part of the citizens of the town to it, moast of whom you are acquainted with, and as far as I have heard the matter spoken of the people are anxious for his appointment

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] George Cummerford was the coroner; he had been elected in 1837 and was re-elected in 1839. Record of Executive Commissions, 1837-1845, in Archives Division.

Yours &c

SAML W HARLAN

WM J BROWN Esqr

[Addressed:] To Secretary of State Indianapolis Indiana

[Endorsed:] James O. Leas is appointed sheriff of Delaware County vice Joseph Thomas resigned June 1st 1839—

D WALLACE

Isaac Coe to Noah Noble[1]

N. Y. June 11 1839

N. NOBLE Esq Comr

DR SIR Mr Scott[2] having this morning left to meet his family at Phila desired me to reply to yr fav[or] of 31st ult. recd as he was about to start.

With respect to the Lawrenceburgh draft of $20,000 not paid it and $23,000 more was not only drawn without authority from the Comrs but after I had expressly forbidden the cashier to draw until he recd authority from the new Board. The $23,000 was however paid and he was authorized to draw for all the balance due the Bank the 1st July.

Since that time he has written to Mr Scott that he cannot make the June payment unless he is assured It will be paid here the 1st August which is a month earlier than due by contract. The Decr & January payments were more by exceeding $200,000 than in any previous years and there has been a disappointment in the present [?] payment of upwards of $300,000 due from New Banks & companies to which sales were made last summer at par for 5% dollar bonds—& both these together with the payment of $194,000 the 1st July has rendered the Comrs unable to make the payments punctually to the branches and may render a further curtailment of expenditures necessary as our state stocks cannot now be sold at the limits [?] prescribed by law. It is hoped the greater part or all due from New Branches will be pd. during the season, still the amt of interest due 1 Jany upwards of $200,000 which must be paid will render it very uncertain whether the comrs can be able to pay in all more than from 900,000 to a million dollars for expenditures since 1 March in addition to the $400,000 interest therefore it will be advisable as much as practicable to curtail expenditures. probably it may be better not to make the payt on the Whitewater Canal if it can be put off until the 1st July, as if paid any time during the month it becomes due at the same time as if made the first and possibly by the 1st July the Comrs may put some funds in the hands of the bank to pay out for them. The interest & amt which will be paid the Branches the 1st July is over 400,000 & the Comrs are doing all they can to make the payments—

---

[1] Noah Noble Papers, Indiana State Library.

[2] Lucius H. Scott, who had been appointed a Fund Commissioner in April. Coe was formerly one of the commissioners.

Very respectfully Yrs

ISAAC COE

A. Moderwell to Wallace[1]

MADISON July 1, 1839

HIS EXELENCY GOV WALLAS thare was an Election held in Madison Township last Satarday for justice of the peace the highes returned is A Sullivan who has not been a resident of Jefferson County the last 12 months I refer you to the 10 artical of the Constitution as no Doubt his Election will be Contested[2]

Respectfully yours &c

A MODERWELL

[Addressed:] His Exelency Gov. Wallas Indianapliss

---

[1] Election Returns, Archives Division, Indiana State Library.

[2] The reference may be to Aaron Sullivan. He was not commissioned justice of the peace.

Lucius H. Scott to Noah Noble[1]

New York 5th July 1839

Dear Sir I have this morning recd. your favors of the 27 & 28th Ult. and will pay both your Drafts on presentation. Your letter gave me the first intelligence of the determination of the Branch at N. Albany. I think under all the circumstances their course is somewhat illiberal, as it certainly has been very unexpected—There is no Branch in the state for whose accommodation I have made the same efforts, & none that has so little reason to complain, but I suppose they have use for all their means & we must try to get along without them.

I have written the Vincennes Branch & have no doubt but they will make the necessary payment until some definite arrangement can be made.

It gives me pleasure to inform you that I have this morning closed a negotiation for a new loan of *600,000* dollars.[2] The payments are not as prompt as we could wish, yet, under the circumstances of the times, and as much so as we could expect, & will enable us, with little indulgence on the part of the Banks, to get along with this seasons operations without further difficulty —You judge right in supposing that I have not been reclining upon a "bed of Roses." In making this new loan I have agreed to receive a part of it in the currency of the Banks here, or Western Banks in good credit, say Ohio or Illinois, & have pledged my own word & the honor of the state that it shall be put in circulation in good faith among the Branches, & I need not say that the credit of the state and its institutions require that this pledge shall be faithfully redeemed— I ask in this matter the influence & co-operation of your Board. . . .

Very Truly Yr frd. & obt. Servt.

L. H. Scott

His Esq. Noah Noble Indianapolis

---

[1] Noah Noble Papers, Indiana State Library.

[2] The Indianapolis *Indiana Journal,* July 27, 1839, reported that the loan had been made on favorable terms. It brought to $1,000,000 the amount borrowed for internal improvement purposes in 1839.

Milton Stapp to Noah Noble[1]

City of Newyork Augt 6th 1839

Dear Sir I have just been notified by the Moris Canal and Bkg Co that they can pay us no more money on their contracts. If they adhere to this resolution & our Banks refuse to pay, our works must stop.[2] I think we ought to make an effort to continue the works but it ought to be done slowly. I dread an entire stoppage. Mr. Scott is in Philadelphia I have written for him to return that we may consult as to the best course to be pursued. In the mean time it might be best for your board to get together and by the time you do this you will have more information from us. this state of things cannot last long unless the farmers are pursuaded to hold on to their produce for higher prices they had better sell for what they can get now they will not do better by holding on If their produce comes freely into market we will be able to go on again in 90 or 120 days. Lanier writes me that he cannot pay longer I think the Banks at Madison and Indianapolis ought to keep the Madison road going they cannot risk much in doing so please see the officers on this subject and try to get them to pay $100,000 to keep it going Very respectfully

Milton Stapp

[Addressed:] Noah Noble Esq Prest Board I. I. Indianapolis Indiana

---

[1] Noah Noble Papers, Indiana State Library.

[2] The news of the defalcation of the Morris Canal and Banking Company was not unexpected. Calvin Fletcher recorded in his Diary on July 9 that he and Noble had "speculated" on the possibility that "in the midst of our works we should be stopped short for [want of] means." Fletcher suggested that if this should happen, the state should call for volunteers to finish the improvements begun rather than abandon them. On the 30th of July Fletcher remarked that money was very scarce; practically no business was being carried on in Indianapolis. On August 10 he wrote, "the tidings we have for sometime feared has reached us the Morris Canal Co N Y which has taken our state bonds in advance for nearly 2 million have faild, suspended payt—our system of internal impt our merchants & traders, contractors, &c concerned with the canal must break God only knows the consequences."

This same company had also taken one million dollars in bonds

Charles W. Ewing to Wallace[1]

FORT WAYNE Aug. 13th 1839

HIS EXCELLENCY GOV'R WALLACE
DR SIR

For a twelve month past I have entertained the determination of not being a candidate for the office of President Judge of the 8th Judicial Circuit next winter but was resolved untill the last twenty four to serve out my term of office. My reason for the former determination, is, the total inadequacy of the salary to afford to a resident of this place a decent support even with the exercise, of the strictest oeconemy. And when this salary is contrasted with the business & profits of an ordinary practitioner at the bar in this section of the country, it is now to me a matter of surprize that any such would seak the office except for the Honor thereof. My reason for the latter and so recent determination is, that I am engaged in building a house & residence for myself & family, and my absence during our fall circuit would be attended with serious losses in a pecuniary point & would defeat me in having my dwelling in readiness for the reception of my family this fall.

I shall ever feel grateful to my friends for the confidence they reposed in me in giving me a seat upon the bench; how far I have fulfilled their expectations in discharging the duties of that honorable station, is not for me to premise—they with the members of the barr of our circuit & the public are to Judge thereof—

With this apology for omiting to serve out the residue of the term, I now tender for your acceptance my resignation of the office of "President Judge of the 8th Judicial Circuit of the State of Indiana" to take effect on the first day of September next, which period will close the current quarter of the present year of

issued by the state to increase the stock in the State Bank. They were unable to make payments on this either, and Samuel Merrill went to New York to obtain what security he could for the stock. See below, 386-91.

---

[1] Secretary of State file, Archives Division.

my term; leaving a vacancy of three months to be filled by executive appointment.[2]

I shall this day before the mail departs bearing this letter, advize the members of the Barr of this place & Logansport (where they chiefly reside) of my resignation.

With high regard for your public character I remain your friend & humble serv't

C W EWING

Noah Noble to Contractors[1]

INDIANAPOLIS, Aug. 18, 1839

Information, not official to me, but derived through others, from our Fund Commissioners in New York, has kept me in suspense at the seat of government since I returned from the lines; and although the news alluded to is unfavorable to the progress of our works, I did not feel authorised to say our operations must be suspended, until officially so advised; and therefore I have remained silent, with the hope that our daily mail would bring us something to brighten the prospect. Enough however is now known to justify me in saying the August payment will be unavoidably postponed beyond the month and perhaps for several months.[2]

In my intercourse with you I have assured you that the late negotiations of our Fund Commissioners would provide us with funds ample for the year, and they had no reason to doubt the sufficiency of the engagements entered into. It seems however that the Bankers who purchased our bonds, sent them to England to raise the money to make payment, and that the agent has

[2] Henry Chase was appointed president judge on August 19, 1838, to complete Ewing's term. Record of Executive Commissions, 1837-1845, in Archives Division. John W. Wright was elected president judge of the Eighth Judicial Circuit by the General Assembly on December 5, 1839, for the term of seven years from January 9, 1840. *House Journal,* 1839-40, pp. 41-42. Thomas Johnson was the opposing candidate.

---

[1] Indianapolis *Indiana Journal,* August 23, 1839.

[2] See letter of Milton Stapp to Noble, August 6, 1839, above.

returned without selling them, in consequence of which, the Bankers cannot pay the promised instalment and have so notified our Fund Commissioners.

Relying upon the receipt of your earnings at the usual period for making estimates, this event will frustrate your business plans and being the first suspension that has happened to us, it may be some cause for alarm to you and to the public. But if we look to the experience had in those states that preceded us in internal improvement as well as those like ourselves, now engaged in their construction, we will find in almost every instance something has occurred to arrest the progress of their works, and without inflicting any very serious or lasting injury. I am glad to add that our Fund Commissioners do not view it as a permanent interruption to the works.

I am aware that the occurrence must subject you to much inconvenience and perhaps to embarrassment. Many of you after examining your individual resources have contracted debts with laborers, farmers and merchants, and being deprived of your expected supply of funds you cannot pay. The failure to comply with your engagements not being chargeable to any delinquency on your part, but to the derangement of moneyed matters both foreign and domestic, it is believed your creditors will be patient; and that they may fully understand what are your means for payment, the Resident Engineer will make a careful estimate of what is due you from the state. The rule established for the protection of laborers shall be strictly enforced; but in any case where the remedy given by law is resorted to by the institution of suit, we will feel ourselves absolved from the obligation it imposes.

Whether under existing circumstances it will be advisable for you to continue your operations you can best determine. If you should do so, I would advise that your force be small until our Fund Commissioners provide the necessary means.[3]

N. Noble

---

[3] At the meeting of the Board of Internal Improvement on November 18, 1839, it was "ordered unanimously, that with the exception of the Wabash & Erie Canal from Lafayette to the state line, and the dams

Milton Stapp to Noah Noble[1]

CITY OF NEWYORK August 20th 1839

NOAH NOBLE Esq President &c

SIR, Since I last wrote you have been using every exertion in our power to obtain money for the continuation of our works of internal improvement, but I fear we shall not succeed. The Moris Canal and Banking Co owe us 1st August $117 513.30 1st Sept $140,000 1st October $200,000 1st Nov $230,000 1 Decr $160,000 1st January $190,000 & so on &c. Other Banks owe us (nearly all owe $381,800) With these resources we had expected to have carried on the works to the limits without much trouble But the Banks having given us notice that they can pay no more leave us entirely in the dark. We have been trying to make arrangement to meet our Bank drafts authorised to be drawn to the 1st Sept but fear we will not be able to do so. After that is paid we wish to get as much as we can in currancy and lend it out to aid you in geting along in some degree but in this I fear we are doomed to disappointment; so that the best advice I can give you is to stop as much of the work as you can and as slowly

on other works, yet to be preserved, the work at Lawrenceburgh, and Bridge at Harrison, the public works be immediately suspended." The chief engineer was to give the necessary orders to the resident engineers in charge of various works. Further instructions were given on reducing the corps of engineers and taking an inventory of all public property. Record of the Proceedings of the State Board of Internal Improvement of the State of Indiana, in Archives Division, Indiana State Library.

Whereas Noble's letter in August left the contractors some leeway as to whether or not to go ahead, the order that went out from the chief engineer was peremptory. At least one engineer in the northern part of the state was ready to defy the order, saying it violated that clause of the modification bill of the last session requiring the consent of the contractor before any contract could be canceled or transferred. See Indianapolis *Indiana Journal,* November 30, 1839. Contractors on the Madison and Indianapolis Railroad hired several hundred hands to go ahead with the work even though there was no one to supervise them. The board finally gave in to the contractors in this instance and returned an engineer to supervise the work. Record of the Proceedings of the State Board, August, 1840.

---

[1] Noah Noble Papers, Indiana State Library.

as possible. In doing this it is of course your business to select the works to be worked on mostly.

You will find by examining the vouchers for work done from the 1st of March to the first of August, that you have expended more than half of the amt for the year and that some works have got much more than some other works. this perhaps is right I only call your attention to it. Of the $400,000 borrowed for the railroad[2] $100,000 was paid 1st May & 1st June the ballance has been and will be paid as we collect the other due from the Moris Canal & Bkg Co in a ratable proportion. The money already collected of that $400,000 has been very properly appropriated on other works because the Railroad did not then want. It will be for the board over which you preside to say whether this work should not be favourably considered, by your board in future appropriations. If money cannot be had to carry on all. *I only make the suggestion*

Scott is now in Boston when he returns we will give you our joint oppinion about money matters. He will be here on thursday or friday

Very respectfully

MILTON STAPP

Henry C. Moore to Noah Noble[1]

CONNERSVILLE Sept 13th 1839

DEAR SIR I have just received yours in which you want the contractors *advised* to suspend work till we get in Funds again. I will do as you request— Mr. Noel says however that Mr Willey got a letter from you similar to the one you wrote me, in which you say that there is a reasonable hope of getting enough to pay the present Estimate soon, and that he so tells contractors,

[2] The reference is to the Madison and Indianapolis Railroad. See above, 166.

---

[1] Noah Noble Papers, Indiana State Library. Moore was superintending construction of the Whitewater Canal. His letter is typical of the letters which Noble was receiving from the various superintendents and contractors.

& that he & they, are encouraged by it, & some have determined in consequence to go ahead again— Willey himself has I believe concluded to go on—

I will try to have them stop as soon as possible. I wish the laying of stone to be suspended. . . .

It will be the last of the month before we get the estimate made out entirely— we are re-measuring every thing—every stone separately, & taking every thing with the greatest care, & it takes time to do so— Yours Respectfully

HENRY C. MOORE

[Addressed:] N Noble Esqr Canal Comr Indianapolis Ind.

Wallace to Secretary of State[1]

The Secretary of State will issue a writ of Election directed to the Sheriff of Ripley County—requiring him to give notice that an election will be held in said County on the third Monday in october to elect a Senator to fill the vacancy occasioned by resignation of Thomas Smith—[2]

Sept'r 20th 1839 D WALLACE

[Endorsed by Secretary of State:] Issued accordingly—September 21st 1839.

William P. Bryant to Wallace[1]

ROCKVILLE Sept 23rd 1839

DEAR SIR

I find it impractable for me to serve in the senate of this state, at the next session of the General Assembly without a greater pecuniary loss, than I ought to, or am able to bear. You will therefore do me the favour to accept of this my resignation. And

---

[1] Resignations folder, Secretary of State file, Archives Division, Indiana State Library.

[2] Smith, a Democrat, had been elected to represent the Fourth District in Congress. James H. Cravens, a Whig, was elected state senator in his place. *Indiana Election Returns, 1816-1851,* pp. 98, 250.

---

[1] Resignations folder, Secretary of State file, Archives Division.

fill the vacancy thus Occasioned, with the best wishes for your health & happiness.

I reman Cincerely Your Obedient humble Servant

WM. P BRYANT

TO HIS EXCELLENCY DAVID WALLACE
Governor of Indiana Indianapolis

N. B. please make the 20th or 25th of next month the day of Election Yours W P B

[Addressed:] To his Excellency David Wallace Governor of Indiana Indianapolis

[Endorsed:] W. P. Bryants resigna[tion] as senator—Parke County The Secret'y of state will issue a writ of election to fill the above vacancy. The election to be held on the 3rd monday in october next Sept'r 25 1839[2]

D. WALLACE

[Endorsed by secretary of state:] Writ issued, Sept. 25th 1839

Wallace to Samuel Judah[1]

INDIANAPOLIS Septr 23d 1839

DEAR SIR

I owe you an apology for not answering your letter containing an outline of your court project.[2]—With a view to sound Blackford on the subject, and to procure the necessary statistics you suggested, I carelessly named to him that the labours of the Supreme Court must in a short time become so great, that the judges could not by even extraordinary exertions get through the Docket—and that the consequence would be a postponement of justice— He observed that that might be the case some years hence—but that now they had no difficulty. This cast a damper over me—and I concluded to wait the result of the election, and

[2] Joseph A. Wright was elected to complete Bryant's term. Wright was a Democrat, Bryant a Whig. *Indiana Election Returns, 1816-1851,* 251.

---

[1] Samuel Judah Papers, Lilly Library, Indiana University.

[2] Judah's letter has not been found.

the prospects of the money market. But both these have proved so miserable—that it strikes me, that a more unpropitious moment could not be selected to bring forward such a measure. The effort to create a *new office* and *a new salary* with the present heavy taxation on the people, could not be otherwise than odious to them—

What am I to understand from your intimation, that if certain things transpire that "there will be an impeachment next winter?" Who will be impeached? Long, or the members of the old Board? Here I confess you are somewhat mystical.[3]

You state that Scott & Merrill in their published card, in New York—have "asserted in the face of the civilized world downwright falsehoods."[4]—Wherein do these falshoods consist?

---

[3] The only mention of possible impeachment proceedings found in the legislative journals were those against John Woodburn, a member of the Board of Internal Improvement. *Senate Journal,* 1838-39, pp. 345-46. The reference here may be to Elisha Long, another member of the board.

[4] This was a statement of the "Public Debt and Resources of Indiana," signed by L. H. Scott and Samuel Merrill. Written no doubt to attract new investors and calm the fears of those who had already invested in Indiana stocks, they tried to present as favorable a picture as possible and in doing so made exaggerated if not false statements: for example, 90 miles of the Wabash and Erie Canal were finished and in use, 55 additional miles nearly completed; the canal lands still unsold would "fall but little short of completing the canal to Terre Haute"; clear profit on state bank stock exceeded $300,000; interest on internal improvement loan had been provided for by taxation and interest from surplus revenue and more of latter could be made available for this object. Quoted in Indianapolis *Indiana Journal,* September 20, 1839, from New York City papers.

The above statement was refuted by "a citizen of Dearborn" in a communication to the New York *Journal of Commerce.* Instead of the interest being paid by taxation, he pointed out that it was being paid out of the money borrowed. Also, the coming General Assembly had been elected expressly to prevent any increase in the taxes which were already so oppressive that many persons were on the verge of resisting the revenue laws, and the State Bank was on the verge of bankruptcy because of the assistance given to complete the internal improvements. Milton Stapp, one of the Fund Commissioners, immediately replied in a letter to the same newspaper, pointing to the revenue law of February, 1839, which levied a tax of 30 cents on each $100 of taxable property for payment of the interest (none of which had been collected as yet), and that there was no evidence of resistance to the payment of the tax.

You delivered a speech last winter, which I have preserved among my public documents to have bound—they are now at the Book Binders—or I should again look into it. I preserved it because of the information it contains on the subject of finance.— I should be glad to be enlightened upon this matter—

On the subject of speaker, I confess that I have given up all thought about it—supposing that the Democrats would have it all their own way.—I am confident no Whig can expect it— However it seems to me that if you are a candidate, it would not be very difficult to give you the Whig vote.[5]

I expected a few days since to have visited your place, but sickness prevented me— I am now just able to sit up and write—

How would Jonathan McCarty run [?] with you for Govr. Would he not stand ware and tare next year better than myself —you doubtless remember that last winter I intimated to you that I had no desire of being a candidate, and if the Whigs could only unite upon another I would cheerfully step aside— This however is in confidence— I wish you would think of it and speak freely and frankly what you believe. McCarty is a most indefatigable electioneer and by the way formidable on the stump—has had nothing to do with our internal Improvements —and can occupy the same ground which the Van Buren Candidates no doubt will—[6]

In expectation of hearing from you soon—I remain Ur Friend & obt st

D. WALLACE

SAML JUDAH Esqr Vincennes

The "citizen of Dearborn" was believed to be Amos Lane, but it turned out to be his son-in-law, George P. Buell. Both communications were reprinted in the Indianapolis *Indiana Journal,* November 2 and 9, 1839.

[5] James G. Read, a Democrat, was elected speaker by a vote of 51 to 37 for Judah. *House Journal,* 1839-40, p. 5. The Whigs had suffered a major defeat in the elections of August, 1839. The new House of Representatives had 39 Whigs and 61 Democrats, while in the Senate there were 23 Whigs and 22 Democrats. Charles Kettleborough, *Constitution Making in Indiana, Volume I, 1780-1851* (Indiana Historical Commission, 1916), 161.

[6] McCarty was a strong contender for the nomination for governor but the choice of the convention which met in January, 1840, was Sam-

Milton Stapp to Noah Noble[1]

City of Newyork Oct 3d 1839

Dear Sir Yours of the 20th sept I found on my return from Baltimore. In answer to that part of your letter which speaks of the Eel river dam, and the finishing the white water canal so as to save work already done, I advise you to take some of the currancy that we are sending to you and use it for that purpose surely the board will allow all such work first to be done. We have sent out by Merril near $50,000, by Dr Coe over $4000 and I think that Sherwood will pay between this and the 1st Jany over $100,000 and that we will get from other sources by that time near $100,000 more. I think you can use a part of this money for the purposes you name It will all be paid in currancy. I do not yet know how our interest is to be paid I see Biddle on the subject to morrow.[2] I will start home on the 6th or 7th. Very respectfully

M Stapp

[Addressed:] Noah Noble Esq Indianapolis Indiana

uel Bigger. Following the convention, the Terre Haute *Enquirer* (issue of February 15, 1840) printed what they believed was the result of ballotings by the delegates. On the first ballot Wallace received 38 votes, McCarty, 47, Bigger, 33, and John W. Payne, 32; on the second ballot McCarty led with 61, Bigger had 56, Wallace, 23, and Payne, 17. On the third ballot Wallace's friends threw their support largely to Bigger and he received a majority of 84 votes, while McCarty had 72, Wallace, four. The editor attributed McCarty's defeat to the influence of Caleb B. Smith, who had a grudge against him.

---

[1] Noah Noble Papers, Indiana State Library.

[2] E. R. Biddle, member of the board of directors of the Morris Canal and Banking Company. He was a cousin of Nicholas Biddle, head of the United States Bank.

August Belmont to Treasurer of State[1]

NEW YORK, October 11, 1839

TO THE TREASURER OF THE STATE OF INDIANA, Indianapolis:

SIR—I have the honor of enclosing you herewith a letter received by the Liverpool steamer from my principals, Messrs. N. M. Rothschild & Sons of London for you.

The unsatisfactory turn which the arrangements of the Bonds of the State of Indiana is taking by the reluctance of the Morris Canal Company and the Commissioners of your State to come up to the tenor of the contract, is indeed very mortifying and disagreeable for my house and myself in particular.

According to the tenor of the contract it remained the duty of the State Commissioners to put Messrs. Rothschild & Sons in funds for their advances on the 1st of August last, as they had received in due time, the necessary notice on the part of Messrs. Rothschild of their inability to sell the Bonds in Europe.

Nevertheless and notwithstanding the repeated and urgent demands for remittances, *nothing* has yet been done towards taking the stocks out of the hands of my principals, which occasions them in the present moment a good deal of inconvenience.

Messrs. Rothschild have hitherto done every thing to save the credit of the State of Indiana, and have abstained from any measure which might lead to a depreciation of the character and price of its bonds, *but if not immediate steps are taken to remit*

---

[1] *Documentary Journal,* 1839-40, Senate Doc. No. 8, pp. 154-56. Belmont's letter and its enclosure were transmitted to the Senate on December 20, 1839, by the Treasurer of State in response to a Senate resolution, requesting information on the amount of gold or silver recently sent to New York to meet the interest payments due on state bonds sold to the Morris Canal and Banking Company, and information on why the state had been called on to pay the interest on bonds for which they had received no payments. N. B. Palmer, Treasurer of State, wrote that he had no official information as to the amount of gold and silver forwarded to New York as it was not required that any record of such transaction be filed in his office. However, he no doubt knew full well about the action of the State Bank directors and the amount sent. See below, 306-8n. L. H. Scott, Fund Commissioner, supplied the requested information in a report sent to the Senate on January 6, 1840. See below.

them at once the full amount of their advances, they will see themselves forced to have recourse to a forced public sale of your bonds, at whatever they will fetch, coming back upon the Morris Canal Company and the Commissioners of your state for any deficiency thereon. I trust, however, that the immediate action on your part will prevent such a course, and expecting your early answer,

I remain most respectfully, Sir, your obedient servant,
(Signed) AUGUST BELMONT

[Enclosure]

LONDON, 12th Sept. 1839

TO THE TREASURER OF THE STATE OF INDIANA, Indianapolis

SIR—We beg to address this letter to you, as we understand there has been a change in the Department for the administration of the finances of your State, since we last communicated with the Commissioners; and we are desirous of giving information to the proper quarter of the irregularity which has occurred in the transactions we have had in your securities with the Morris Canal and Banking Company, at New York, in order that the necessary attention may be given to the same.

The dividend due last July on $1,700,000, Indiana sterling 5 per cent bonds made payable with us and amounting to £9,562 10—instead of being covered in advance in the usual way by remittances of bills, was provided for by the above named Institution with a consignment of $60,000 Indiana State 5 per cent. bonds for sale, which were unavailable for the purpose, as they were not disposable in our market.

We disapproved exceedingly of this exceptionable provision of a dividend by means of another portion of stock, and it was only out of consideration for the credit of the State of Indiana, that we waived our objections and made the payment at the due time of the July dividend. We communicated immediately with the Morris Canal Company, upon the subject and desired them to take $60,000 Indiana, and remit us the funds for the dividend, but they have not yet rendered any compliance with, or attention to our wishes. We request you will therefore attend to a proper arrangement being made for this dividend by covering our advances upon it by an immediate remittance of bills.

We have also to recommend particularly to your attention the provision for the next January dividend on the Indiana Sterling Bonds, made payable with us, we shall require to be made to us in the regular way by remittances in bills. We shall be obliged to refuse payment, if we are not in receipt of the funds, and we hope they will be remitted to us in due time, before dividend, in order that no delay or irregularity may occur which would prejudice the credit of your state.

According to the agreement entered into, on behalf of our two houses by Mr. Belmont, with the commissioners of Indiana, the amount of our advances of £110,000, against the consignment of $700,000, Indiana Sterling 5 per ct. bonds made by them, & afterwards placed into the hands of the Morris Canal Co. We gave the stipulated notice of four months, for our payment to this latter institution, and expected it to take place as agreed upon; but we have had no reimbursement made to us, & as the stock is unsaleable in the dull state of our market, we continue being kept out of our funds.

We have expressed ourselves strongly upon the subject to the Morris Canal Co.; but they have done nothing in regard to our repayment, and from the participation which your department has had in the business, we request their irregular and inconvenient proceeding may have your attention.

We remain, respectfully, Sir, your Obt. Serv'ts,

[Signed] N. M. ROTHSCHILD & SONS

Milton Stapp to Noah Noble[1]

MADISON October 23d 1839

DEAR SIR I have received yours of the 20th Inst and noted contents.[2] I believe our people are very anxious to take the abandoned contracts at estimated prices and take state bonds, but I think we can do better.[3] Since receiving your letter at Newyork saying that our business men appeared willing to take hold of the work I have been planning for carying their wishes into effect and have succeeded so far as our citizens are concerned but there are so many conditions about the matter that I fear [?] its ultimate end, but have hopes of success. I have entered into a contract with them which requires the confirmation of Mr. Scott, and which he will doubtless do if he is not prejudiced against one point after his confirmation, we have to know that the controller of Newyork will take our bonds before the contract is consumated.[4] He is now taking them and I hope he will continue to do so. these two conditions complied with and I feel confident we shall be able to raise the railroad loan this matter however is in confidence, for the present I hope you will not

---

[1] Noah Noble Papers, Indiana State Library.

[2] Noble's letter has not been found.

---

[3] Stapp is referring here to work on the Madison and Indianapolis Railroad.

[4] An agreement between Fund Commissioners Stapp and Lucius H. Scott on the one part and William Hendricks, John Woodburn, George Leonard, Victor and John King, residents of Madison on the other part, was entered into on October 19, 1839, for the sale of state bonds to obtain funds to carry on construction of the Madison and Indianapolis Railroad. In the words of the contract, "the said party of the first part, have this day sold to the said party of the second part, Indiana State Bonds to an amount not exceeding four hundred and fifty-five thousand dollars of the Indiana five per cent. State stocks . . . for the sum of eighty-eight dollars to the one hundred dollars of State bonds. The sums to be paid by the party of the second part, to be laid out and expended under the direction of the Board of Internal Improvement." The bonds were to be delivered on or before December 10, 1839, and were to be paid for "in bank paper current in the ordinary business transactions of the State of Indiana at the time of payment, in installments as follows, to wit: on or before the first day of March, 1840, the one-sixth part of the amount so sold . . . and so on, one-sixth part every two months, until the whole shall be paid." It was further agreed, "that if no satisfactory arrangement can be made . . . with the Comptroller of the State of New York, on or before the first day of January next, on the usual terms of accepting said bonds of similar character as heretofore . . . at the rate of from 85 to $100, or if no other satisfactory disposition of said bonds can be made . . . then the said party of the second part will not be bound to take said bonds, or confirm said contract." *Documentary Journal,* 1839-40, House Doc. No. 17, pp. 181-83.

Information concerning the contract and transactions growing out of it, as brought to light in testimony before a Senate investigating com-mention it to any one as the company here do not wish these matters made public unless they succeed.

It seems that Mr. Biddle thinks he cannot pay the January interest. Well I believe he *will* pay it but I fear he wishes to force us to do something more for him which I for one will never do; I have written to him this day that we shall still expect him to pay the interest, and we must keep this idea up so far as Mr Biddle is concerned, but at the same time we must provide in secret for the payt of the interest I will be in Indianapolis on the 1st of next month or before and have written to Scott to meet me there then at which time I hope to see you at home so as to consult about matters before the meeting of the boards on the 4th. I send you the statement relative to the state bonds as requested. If you intend reporting this matter to the legislature I will be pleased to learn what course you intend to pursue so that our reports may harmonize

Very respectfully

MILTON STAPP

---

mittee during the legislative session of 1841-42, were as follows: the Madison company had no capital of its own, but was formed solely for the purpose of continuing construction of the Madison and Indianapolis Railroad; members of the company denied that any bonds were placed in their hands at the time the contract was made; Stapp apparently kept them in his possession. The following year, when the contractors wished to go ahead with work on the railroad, an agreement was reached whereby they were to receive one third of their pay in cash and two thirds in bonds at par value; forty-one bonds were disposed of in this way in October, 1840. Early that year Stapp had sold 180 state bonds in New York, and though these were not ostensibly company bonds, Stapp asked the company to accept the transaction as their own (the company suffered a loss from the sale). The contract was due to expire in December, 1840, but it was renewed and in the summer of 1841 fifty-nine bonds were disbursed to contractors at 50 to 62½ per cent par value. For the 280 bonds disposed of, the company owed the state over $60,000. The investigating committee viewed the entire proceedings as a fraud against the state. According to the contract, the bonds were to be sold for cash, the money deposited in the treasury and drawn out by audited checks; instead, some of the bonds had been sold in New York on credit and others used to pay contractors. The state apparently had not realized anything from the contract at the time of the investigation. See Indiana *Documentary Journal,* 1841-42, Senate Doc. No. 6, pp. 158-67, 318-22, 380-91, 398, 428-30, 450-52, 471-74; House Doc. No. 12, pp. 296-99.

Memorandum of Interest due from Indiana on state bonds 1st January 1840

Payable at the Morris canal & Bk co

		Interest	agregate Int
On a/c of Wabash & Erie Canal	$ 870,000-5	21,750	
On a/c of Internal improvement	3,832,000-5	95,800	
On a/c of Lawrenceburgh & Indpls rail road	221,000-5	5,525	
On a/c of surplus revenue	294,000-6	8,820	131,895
Payable at Mercht Bk			
On a/c Wabash & Erie canal	100,000-6	3,000	
On a/c Wabash & Erie canal	757,000-5	18,925	
On a/c Internal impt.	400,000-5	10,000	31,925
Payable at Rotchchilds			
On a/c Internal impt £450,000	$2,000,000-5		50,000
	8,474,000		$213,820
Bank Loan			
Payable at Morris canal & Bk co.	440,000-5	11,000	
Payable at Merchants Bank	950,000-5	23,750	
Payable at Rotchchilds London Stg.	500,000-5	12,500	47,250
			$261,070

On the above internal impt loan, there was $300,000 loan made since Scott left New York which is not yet consumated. I would not like it to be made public before I see Scott. The $500,000 Bank Loan was made by Meril this last summer. I thought there was a larger Bank loan but my books showed no more M. STAPP

[Addressed:] Noah Noble Esqr Indianapolis Indiana

Samuel Judah to Noah Noble[1]

VINCENNES Oct. 26, 1839

DR SIR— After I recd your letter I had a long and serious conversation with Mr Law.— We ascertained from Mr Voorhees who happened to be here that about $130,000 would locate grubb and grade, as well as make the necessary culverts for the distance hence to Mt. Pleasant.—[2] Mr Law promised me to cause the matter to be considered by our Bank Board, and also by the Stock-holders in their meeting on the 8th Novr.—

I suggested that if the Bank here would take the Bonds of the state, we could authorise it to issue a specific amount in one two and three dollar bills—by way of compensating profit to the Branch.—

Yourself will have a fiery ordeal to pass soon—but weak and miserable as I consider your colleagues—it will not gratify me to see the present board made the *scape goat* of the former.— The improvement of the Wabash River is now the sole exciting question throughout the great valley.— The late convention here appointed committees whose labours will result in an exhibition of facts to the public that will forever condemn Blake and all those men who so long have neglected, and indeed triffled with, an interest to us so vitally important.—[3] We look upon Graham as one of the old board—as one who never intended to improve the Wabash—and indeed you will find it necessary to *let him drop* this winter

Can the Branch at Terre Haute be induced to make the necessary advances for the improvement of the Wabash?—Our Branch can not sustain the Road and that too.—

---

[1] Noah Noble Papers, Indiana State Library.

[2] The reference is to the New Albany-Vincennes Road.

[3] See below, 350-51n, for the proceedings of the convention held on October 24.

My course next session will be as it always has been—such as my own conscience will approve and as the due course of time will sanction.—It will be the middle course; and in travelling it, God help any of the bands of canting hypocrites and ignorant knaves who have so long reviled me, that cast themselves in my path.— For the time has now come that experience has proven all the measures in referance to the politicks of the state—the W. & M. canal, the Michigan road—the system—the Bank—on which I have been continually put down.—

I have recd some singular letters in referance to the speakership.—It would seem that an effort is to be made to elect Col. Long.—If such an effort is made, I probably can not succeed; but I can certainly say, that neither Long, nor any other old system man of *either party* in national politicks, can be elected.—[4]
Very Respectfully

SAML. JUDAH

P. S. We have a recorder to elect, & I was told last night that John Ewing was a candidate!

[Addressed:] Noah Noble Esq Indianapolis Ind

Treasurer of State: Annual Report[1]

TREASURY DEPARTMENT,
INDIANAPOLIS, November 1, 1839.

The Treasurer of State, in obedience to the directions of the "Act concerning the Auditor of Public Accounts, and Treasurer of State," submits the following report of the receipts and ex-

[4] James G. Read, a Democrat, was elected. Elisha Long, another Democrat, was representing Franklin County. See note 5, p. 269 above.

---

[1] *Documentary Journal,* 1839-40, House Doc. No. 3. The treasurer made two other reports to the legislature, one on the Three Per Cent Fund and the other on the surplus revenue. They are printed in *ibid.,* House Docs. Nos. 1 and 4. The report of the ways and means committee of the House of Representatives, made on February 11, 1840, after examining the offices of auditor and treasurer, gives the receipts and expenditures of the state government up to January 1, 1840. It is printed in *ibid.,* No. 31. By that time $295,286 had been paid into the state treasury as revenue for 1839.

penditures of the State, and the operations of the Loan Office, &c., from the 1st December, 1838, to the 31st October, 1839, both inclusive.

There was a balance remaining in the Treasury on the close of the last financial year of		$ 23,471 53
Receipts during the fiscal year from revenue of		
1837		52 45
1838		161,182 26
1839		2,387 00
From sales of Michigan Road lands		536 85
From sales of lots, &c. at Indianapolis		237 50
From sales of estates without known heirs		231 99
From incidental sources		134 00
From Interest on Treasury Loans		2,916 70
From Treasury Loans refunded		250 00
From Lawrenceburgh and Indianapolis Rail Road Company		434 21
The receipts and credits in the college branch of the Loan Office Department have been:		
From Commissioner of reserve township in Monroe county	1,814 00	
From Commissioner of reserve township in Gibson county	500 00	
From loans refunded	7,404 50	
From interest on loans	4,541 47	14,259 97
The amount paid into the Treasury of Saline Fund, appertaining to the Loan Office, has been:		
From Commissioner of Saline lands in Orange county	1,359 15	
From Commissioner of Washington county	211 49	

From Commissioner of Monroe	95 98	
From loans refunded	330 00	
From interest on loans	2,033 49	4,030 11
		$210,124 57

The expenditures during the same period, have been:

Pay and mileage of members of the Legislature, including officers	$ 42,562 12
Printing and stationary	17,798 93
Specific appropriations	8,369 18
Contingent expenses	1,059 66
Premium on wolf scalps	335 00
Pay of Probate Judges	3,078 00
Pay of Executive officers	2,716 66
Pay of Judges of Supreme and Circuit Courts	11,774 55
Pay of Circuit Prosecutors	1,552 57
Pay of Adjutant and Quarter Master Generals	190 25
Payments on account of State House	1,042 10
Payments on account of State Prison	1,065 36
Payments on account of State Library	437 50
Payments on account of Michigan Road	486 85
School moneys refunded	311 62
Seat of government	36 87
Estates refunded	1,037 07
Geological survey	1,833 22
Internal improvements	38,000 00
Conscientious fines distributed	7 00
Treasury loans	29,167 00
Fund commissioners, being L. & I. R. R. loans refunded	434 21

The disbursements on account of the college branch of the loan office have been:		
Payments on account of Indiana University, including incidental expenses of loan office	1,749 59	
Loans of college fund	11,197 50	12,947 09
Payments and liabilities on account of Saline fund subject to the loan office laws, are:		
Loans of Saline fund	3,200 00	
Saline fund expenses	215 44	3,415 44
Balance on hand, October 31, 1839		30,466 32
		$210,124 57

Estimated condition of the treasury for 1840

The probable means of the treasury applicable to the ordinary expenses of the State for 1840, may be estimated as follows, viz.

Balance in the treasury on the 1st day of November, 1839	$30,466 32	
Revenue of 1839 from poll tax	45,000 00	
Amount of treasury loans, which will probably be refunded in the course of current year	28,917 00	
Sale of lots in Indianapolis	4,000 00	$108,383 32

The liabilities and expenditures for the same period, may be estimated as follows, to-wit:

Unaudited and other claims which will be due at the treasury, at the close of the present quarter, Nov. 30, 1839	14,000 00
Salaries of Judges and Prosecutors	17,500 00
Salaries of Executive officers	3,500 00
Printing—Stationary—Binding, and distributing the Laws	15,000 00

Expenses of Legislature, including Officers and Attendants	40,000 00	
Contingent and Specific appropriations	6,000 00	
Probate Judges	3,200 00	
State Prison	1,200 00	
State Library	350 00	
Adjutant and Quarter Master Generals	150 00	
State House	1,200 00	
School moneys to be refunded	200 00	
Seat of Government, (including library fund)	1,760 00	
Estates without heirs, to be refunded	1,073 00	
Conscientious fines to be distributed	536 00	
Revenue of 1839, subject to be drawn by Fund Commissioners	2,387 00	$108,056 00

Leaving an estimated balance in the treasury on the 1st of December, 1840 of $327 10.

The foregoing exhibits and estimates show that the payments into the treasury during the financial year 1839, (up to the 31st October), amounted to $210,124 57, and that the disbursements during the same period, have been $179,658 25; leaving a balance in the treasury on the 1st November, 1839, of $30,466 32.

The schedule of estimates for 1840, exhibits the probable means of the treasury for that year, including the above balance, and all anticipated payments from other sources, applicable to the ordinary expenses of the State, at $108,383 32.

The expenditures and liabilities of the State coming within the scope of the ordinary expenses, for the same period, are estimated at $108,056 00; which will leave in the treasury at the close of the year 1840, (supposing the claims on the treasury then due shall have been paid), the sum of $327 32.

In the estimates of the receipts and disbursements for 1839, in my last annual report, it was anticipated that there would be a balance in the treasury at the close of 1839 of only, $990 15; but those estimates were based upon the supposition that the sum of $40,000, (being the product of five cents on the $100 of the property tax), would be appropriated to the payment of interest on improvement loans; but it being left in the treasury, has of course, swelled the balance on hand, as now exhibited, much above the estimate of last year.

I again recur, with pleasure, to the prompt collection and faithful payment into the treasury of the public revenue, by the several collectors. An apprehension was expressed in my last report, that, owing to the then embarrassed condition of the country, the collection of the revenue would be more tardy and incomplete than had thereunto been usual, but fortunately it resulted in as prompt and complete collection as had been done in any previous year. But in the present revulsion and derangement in relation to money matters, and the general pressure, which every where seems to bear with peculiar severity upon the community, it is greatly to be feared that the apprehensions intimated last year, will be fully realized the present, in relation to the collection of the revenue; more especially as the amount to be collected the present, is nearly double that of last year.

If however, the difficulty here apprehended be verified at the period when it shall become the duty of collectors to make their payments into the treasury, by a failure to collect any considerable portion of the revenue, the legislature will be advised of the extent, and such other matters connected therewith, as will enable the General Assembly to provide for the contingency in such manner as it may deem most appropriate.

The assessments the present year show an increase, both in the number of polls and the amount of taxable property, indicating a continuance of our usual prosperity and growth, both in population and wealth, notwithstanding the pecuniary embarrassments which seem to bear so heavily upon the country.

It will be seen that the nett revenue from polls the present year, is estimated at $45,000. This amount, together with the balance in the treasury, and the amount out on loan, will barely defray the ordinary expenses of the State for the year 1840. It will be incumbent upon the General Assembly to provide some additional means, beyond the poll tax, for the support of the government for the year 1841. The nett amount of revenue which may be expected from the poll tax in 1840 (and upon which the support of the government for 1841 must rely), cannot exceed $50,000. There is now no provision by law for any other means to defray the expenses of 1841, which (if strict economy be observed), may be estimated at $95,000, leaving a deficit, to be otherwise provided for of $45,000.

As the expenses of 1841, must necessarily rest upon the revenue assessed and collected in 1840, the prospective provisions required to meet this estimated deficit of 1841, will seem to require the attention of the General Assembly during its present session.[2]

As the subject of the payment of the interest on the public debt belongs to another department, I refrain from making any remarks in relation thereto.

Under the acts of the last session of the general assembly, loans have been made of funds belonging to the treasury proper, to the amount of $29,167, at one year, and at ten per cent interest. There has also been received from the State Bank of Indiana $9,321 13 of the fund arising from the annual tax of 12½ cents on each share of bank stock for the support of common schools. This amount together with the interest, has been loaned under the provisions of the act for loaning the College funds. A schedule of the names of the borrowers of each of these funds is herewith appended.

The operations in the several departments of the Loan office, continue to be safe and successful, but some tardiness in payment of interest has recently occurred, although no sales for nonpayment have yet been found necessary in the present year.

The payments on account of the State House, and incidental expenses of the last General Assembly, liquidated and paid under the provisions of the act of 1837 amount to about $650 00, a schedule of which will accompany my report in relation to the State House.

All of which is respectfully submitted,

N. B. Palmer
Treasurer of State

---

[2] See below, 328n-29n, for the revenue measure passed at this session.

Statement A. College Fund

Report of the operations of the College Fund from the 1st December, 1838, to the 31st October, 1839.

Receipts

Amount received from William Alexander, Commissioner of Reserve Township in Monroe county	1,814 00
Amount received from James Smith, Commissioner of Reserve Township in Gibson county	500 00
Loans refunded	7,404 50
Interest on Loans	4,541 47
Amount over Loaned	402 54
	$14,662 51

Contra

Amount over Loaned in 1838	1,715 42
Amount of Loans as per list accompanying	11,197 50
State University, including incidental expenses	1,749 59
	$14,662 51

Statement B. Saline Fund

Report of the operations of the Saline Fund from the 1st December, 1838 to the 31st October, 1839.

Receipts

Amount received from Andrew Wilson, Commissioner of Saline Lands in Orange county	1,359 15
Amount received from Henry Young, Commissioner of Saline Lands in Washington county	211 49
Amount received from Milton McPhetridge, Commissioner of Saline Lands in Monroe county	95 98
Loans Refunded	330 00
Interest on Loans	2,033 49
	$ 4,030 11

Contra

Amount over Loaned in 1838	234 96
Amount of Loans as per list accompanying	3,200 00

Saline Fund expenses	215 44
Cash on hand	379 71
	$ 4,030 11

Statement C. Congressional Township Fund

Report of the operations of the Congressional Township Fund, from the 1st December 1838 to the 31st October, 1839.

Receipts

Cash on hand at last report	244 46
Interest on Loans	103 32
	$ 347 78

Contra

Amount paid Trustees in Ripley county	68 82
Amount of Loans	148 00
Incidental expenses	9 82
Cash on hand	121 14
	$ 347 78

Statement D. State Bank School Fund

Report of the operations of the State Bank School Fund, from the 1st December, 1838 to the 31st October, 1839.

Receipts

Amount received from the State Bank	9,321 13
Interest on Loans	922 50
Amount over Loaned	6 37
	$10,250 00

Contra

Amount of Loans as per list accompanying	10,250 00
	$10,250 00

Contingent Expenses from 1st of December 1838 to October 31st 1839

Paid, John Cain, for postage	87 42

Paid, J. A. Matson, Commissioner for running the boundary line between this and the State of Ohio	195 18
Paid, J. M. Wallace, Private secretary of Governor	50 00
Paid, B. Brown, extra services as Sergant-at-Arms of the H. R. 1838	40 00
Paid, W. F. Reynolds, for enclosing Tippecanoe Battle Ground	48 25
Paid, S. C. Stevens, counsel in the Saline Land suit in Dearborn county	215 00
Paid, J. Morrison, Counsel in relation to the L. & I. R. R. company	20 00
Paid, J. Kelly, repairs on Governor's Circle	50
Paid, M. T. Miller, 2 years subscription for Bicknell's Reporter, for use of Treasurer's office	6 00
Paid, L. C. Lewis, for recording deed	1 00
Paid, B. Allee, for repairs on Governor's Circle	2 00
Paid, J. Cain, for postage	82 53
Paid, Espy and Sloan, furniture for auditor's office	14 00
Paid, Morris Hazlett & co. stationary for Auditor's office	13 13
Paid, S. S. Rooker, repairs on Governor's Circle	1 12
Paid, Rowlett's Interest tables for Treasurer's office	5 00
Paid, Allen and Stadts, repairs on Governor's Circle	1 31
Paid, J. Cain, for postage	113 41
Paid, W. Bowen, for transportation	3 18
Paid, W. Tate, storage of public arms	23 20
Paid, J. Cain, for postage	115 81
Paid, W. Parker, repairs on Governor's House	1 50
Paid, C. Williams, for Map frames	18 00
Paid, B. Allee, repairs on Governor's Circle	2 12
	$ 1,059 66

. . . .[3]

---

[3] The remaining two pages of the treasurer's report which lists the names of those persons who had borrowed from the various funds are not reprinted here.

Fund Commissioners: Annual Report[1]

[November 1, 1839]

To the Senate and House of Representatives of the State of Indiana:

The Fund Commissioners respectfully report the state and condition of the Wabash and Erie Canal Fund, and the General Internal Improvement Fund, including the receipts and expenditures of each from the 2d day of January, 1839, to the 31st day of October, 1839.

In submitting this report the Commissioners regret that it is not in their power to present to the Legislature a settlement with the Board of Internal Improvement for the current year; but will be under the necessity of making a special report of this matter so soon as a settlement can be effected with the Board; nor will our report shew the exact amount of interest due to the Branch Banks of the State of Indiana for suspended payments, their accounts current not having reached us in time to be settled and included in our Bank balances, when by law our report is directed to be placed in the hands of the public printer.

WABASH AND ERIE CANAL FUND

There has been received since the date of the last annual report:

For state bonds sold—$400,000 5 per cent. bonds at 90—proceeds	$ 360,000 00	
For principal and interest, payments on canal lands sold	25,367 62	
For tolls on canal	3,625 58	
Total receipts		$ 388,993 20
There was due from the fund of the date of our last report	31,208 06	

---

[1] *Documentary Journal,* 1839-40, Senate Doc. No. 1.

Since which there has been expended:—

For interest on state bonds	43,784 63	
For interest on accounts	4,616 43	
For per diem and expenses of fund commissioners	1,973 92	
For clerk hire, expenses of office, &c.	623 87	
		82,206 91
Unexpended		306,786 29

There is now due to this fund:—

From John Scott's estate	101 57	
From Indianapolis branch bank	5,433 62	
From David Burr	8,309 18	
From board of internal improvement	226,649 64	
From Morris Canal and Banking Company	168,052 34	
From Lucius H. Scott	154 90	
From internal improvement fund	32,919 70	441,620 95

And there is due from this fund:—

To state bank	67 98	
To Merchants Bank	87 00	
To Fort Wayne branch bank	73,000 47	
To Lafayette branch bank	61,667 90	
To James Farrington	8 53	
To Wm. S. Hubbard	2 78	134,834 66
Due to this fund		306,786 29

General Summary of Receipts and Expenditures of Wabash and Erie Canal Fund.

There has been received since the commencement of the work:—

From road and canal fund ....$	1,892 45	
From sale of state bonds, $1,727,000, proceeds	1,687,000 00	
From premium on state bonds, exchange and interest on deposits	88,648 64½	
From sale of canal lands deducting expenses	274,304 71	
From trespass on canal and sale of yoke of oxen	120 00	
From canal tolls	5,023 95	
Total receipts		2,056,989 75½

There has been expended:—

For construction of Wabash and Erie canal, including all contingent expenses	1,498,080 07½	
For payment of interest on state bonds	252,123 39	
Total expenditures ..		1,750,203 46½
Unexpended		306,786 29

INTERNAL IMPROVEMENT FUND

There was on hand and due the fund at the last annual report	809,163 69¾	

Since which there has been received:—

From sale of
State bonds..$1,552,160 00

From bal. interest on deposits	42,868 32		
From sinking fund commissioners ..	34,650 82		
From treasurer of state	28,000 00		
From Lawrenceburgh & Indianapolis R. R. Co.	173 25	1,657,852 39	2,467,016 08¾
And there has been expended:—			
On account of Central Canal		298 92½	
On account of Cross-cut canal		1 00	
On account of per diem and expenses of fund comr's		2,470 47	
On account of auditor's salary		500 00	
On account of office rent, clerk hire, expense of engraving and numbering bonds		2,049 39	
On account of interest on state bonds		141,760 94	
On account of property received on compromise with Messrs. Cohens & Josephs ..		4,476 87	151,557 59½
Unexpended			2,315,458 49¼
There is due to this fund:—			
From Fort Wayne Branch Bank		18,641 57	
From Bedford Branch Bank ..		1,068 30	
From bond and mortgage on account of Cohen debt		113,300 00	

From Board Int. Imp. (to be accounted for by receipts for construction and contingencies for the past year)	1,355,756 80¼	
From James Farrington	36 83	
From Lucious H. Scott	254 90	
From Milton Stapp	58 59	
From Morris Canal and Banking Company	647,562 12	
From other eastern banks for state bonds sold	731,461 00	2,868,140 11¼

And there is due from this fund:—

To Evansville branch bank	93,854 27	
To Lafayette branch bank	111,704 00	
To Madison branch bank	33,429 41	
To Lawrenceburgh branch bank	50,095 22	
To New Albany branch bank	88,478 80	
To Richmond branch bank	14,355 60	
To Terre Haute branch bank	28,709 33	
To Vincennes branch bank	15,468 27	
To Lawrenceburgh and Indianapolis Rail R'd Company	2 81	
To Indianapolis branch bank ..	83,646 41	
To Wabash and Erie Canal fund	32,919 70	
To Wm. S. Hubbard	17 80	552,681 62
Due to this fund		2,315,458 49¼

General Summary of Internal Improvement Fund

There has been received on this fund:—

From sale of state bonds	5,832,160 00
From commissioners of sinking fund, interest on surplus revenue	80,661 93

From treasurer of state, improvement tax	78,000 00	
From premium on state bonds	31,500 00	
From interest on deposits and exchange	133,571 99	
From overplus drawn for rail road surveys replaced	272 70	
From sale of oxen and wagon	105 00	
Total receipts		6,156,271 62

There has been paid out on acc't of this fund:—

On White-water canal	543,713 24
On Central canal	667,467 96
On Wabash canal	191,799 16¾
On Cross-cut canal	240,231 24
On Madison and Lafayette Rail road	970,690 88
On Jeffersonville and Crawfordsville road	152,024 11
On New Albany and Vincennes road	296,067 36
On Wabash river	5,960 61
On Michigan & Erie Canal	16,242 65
On Indianapolis and Lafayette road	2,704 14
For interest on state bonds	405,962 44
For gen. incidental expenses of board internal improvement	26,767 71
For per diem and expenses of fund com'rs	5,895 43¾
For auditor's salary	1,007 34
For expenses of office, clerk hire, engraving, and numbering bonds	5,899 01¼
For rail road surveys, repaid to Wabash and Erie canal fund	22,641 50

For property received on compromise with the Messrs. Cohens & Josephs	285,536 40	
To R. D. Owen per act of legislature[2]	201 93	
Total expenditures		3,840,813 12¾
Unexpended		2,315,458 49¼

The foregoing statement of the fiscal concerns of our System of Internal Improvement, gives to you a balance-sheet account of the operations of the Fund Commissioners since their last annual report. But in order that you may be fully apprized of the extent of your liabilities and the means of payment, we will endeavor to lay before you a plain statement of the demands against you, with the resources under the control of the Commissioners, applicable to the satisfaction of these demands, so as to enable you to legislate with that light so necessary for the statesman with enlarged and liberal views, who is determined (amid the darkness and gloom with which he is surrounded,) to lead his country through *a crisis* with its faith inviolate, and its institutions fixed on a sure and firm foundation.

Before presenting to you the situation of our demands and debts as proposed, we will be permitted to remark, that it is not for us to predict the effect the present derangement of the monetary affairs of the country may have upon the collection of our debts, we hope and believe, that the wealth of our country in its rich soil, industrious citizens, and productive labor, with an energetic and enterprising commercial community will soon rise above her present embarrassments and liquidate the debts of the country in a satisfactory manner.

Should this be the case, we have every confidence that the debts due to us in the foregoing accounts will be satisfactorily arranged, and promptly paid. The integrity of the institutions indebted to the state, stands before us unimpeached, and their ability to meet their engagements in times of ordinary prosperity, cannot be doubted.

---

[2] The sum of $193 plus interest at the rate of 6 per cent from April 25, 1836, was authorized to be paid to Owen from the Internal Improvement Fund. *Laws of Indiana,* 1836-37 (local), p. 153. The act does not specify the reason for the appropriation other than that it was in connection with the Princeton to Mount Vernon Turnpike.

But if, on the contrary, the commercial and moneyed embarrassments with which we are surrounded shall continue to press upon us until the moneyed institutions of the country shall exhaust the means they possess in sustaining their credit, and sink under the laudable effort; then, indeed, may there be danger of long delay in their collection, if not ultimate loss. In making the exhibit proposed, we are accurate in the principal sums due from and owing to us, but do not pretend to entire accuracy in our calculations of interest on the ordinary amounts stated in the account, but are near enough to the real state of the interest for all legislative purposes.

THE WABASH AND ERIE CANAL FUND

There is due and owing to this fund, from the Morris Canal and Banking Company:

Due at this date ....$	38,052 34	
Due on the 1st of Dec. 1839	50,000 00	
Due on the 1st of January, 1840	80,000 00	$ 168,052 34
Due from the Internal Improvement fund	32,919 70	
Due from John Scott	101 57	
Due from David Burr	8,309 18	
Due from Indianapolis Br. Bank	5,433 62	
Due from L. H. Scott	154 90	46,918 97
Interest on the above debts to 1st Jan. 1839 (est.)	8,300 00	
Interest on canal lands sold (est.)	22,000 00	
Tolls for the last quarter of this year (est.)	1,000 00	31,300 00
Making in all		$ 246,271 31

And there is due and owing from the fund		
To the State Bank	67 98	
To the Merchant's Bank, New York	87 00	
To the Fort Wayne Branch Bank	73,000 47	
To the Lafayette Branch Bank	61,667 90	
To William S. Hubbard	2 78	
To James Farrington	8 53	
To Contractors on estimates to 31st October, 1839	64,115 00	
For interest on state bonds due 1st January, 1840	43,675 00	
For Interest on the above bank debts (estimated)	2,500 00	245,124 66
Leaving		1,146 65

wherewith to continue the construction of this work when the foregoing balances shall have been settled and paid.

The annual interest payable on state bonds sold for the construction of this work is		87,350 00
Of which there is annually paid, interest derived from canal lands sold (estimated)	22,000 00	
Tolls from the canal	4,000 00	26,000 00
Leaving		$ 61,350 00

to be paid each year out of the principal derived from the sale of canal lands or to be provided for by legislative enactment.

The state has sold bonds for the construction of this work to the following amount, to wit:

6 per cent. bonds	100,000 00	
5 per cent. bonds	1,627,000 00	$ 1,727,000 00
To reimburse which the state has a fund in part as follows, to wit:		
Am't due & owing for canal lands sold (about)	370,000 00	
Ninety thousand acres of land unsold, estimated by the chief engineer at	630,000 00	1,000,000 00
Leaving		$ 727,000 00

to be provided for from the year 1862 to the year 1889.

INTERNAL IMPROVEMENT FUND

There is due and owing to this fund:—

From the Morris Canal and Banking Company		
Due at this date	$ 499,562 12	
Due 1st Dec. 1839	50,000 00	
Due 1st Jan. 1840	50,000 00	
Due 1st Feb.	50,000 00	$ 647,562 12
From other Banks in New York		
Due at this date	382,361 00	
Due 1st December, 1839	66,000 00	
Due 1st January, 1840	85,000 00	
Due 1st February, 1840	17,000 00	
Due 1st March, 1840	5,600 00	
Due 1st April, 1840	15,000 00	
Due 1st May, 1840	25,000 00	
Due 1st June, 1840	34,100 00	
Due 1st July, 1840	40,000 00	
Due 1st August, 1840	37,000 00	
Due 1st September, 1840	10,000 00	

Due 1st November, 1840	5,000 00	
Due 1st December, 1840	5,000 00	
Due 1st January, 1841	5,000 00	731,461 00
From Bonds and Mortgages taken for part of the Cohens' debt		
Due 1st July, 1840	5,000 00	
Due 1st July, 1841	5,000 00	
Due 1st July, 1842	5,000 00	
Due 1st July, 1843	57,000 00	
Due 1st July, 1848	41,300 00	113,300 00
From the Fort Wayne branch bank	18,641 57	
From the Bedford branch bank	1,068 30	19,709 87
Milton Stapp	58 59	
L. H. Scott	254 90	
James Farrington	36 83	350 32
Real property and stocks not available, (Cohen debt)		285,336 40
Interest due on the debts above mentioned to 1st January next, (estimated)		54,300 00
Amount actually due and owing to the fund		1,852,019 71
Due from the fund:—		
To the branches of the State Bank of Indiana, principal and estimated interest	529,741 31	
To Wabash and Erie canal fund	32,919 70	
To Lawrenceburgh and Ind'ps railroad co.	2 81	

To William S. Hubbard	17 80	
To contractors on estimates to 31st Oct. 1839	699,795 39	1,262,477 01
Leaving		$ 589,542 70

wherewith to continue the prosecution of our system of internal improvement when the foregoing balances shall have been settled and paid.

The annual interest payable on state bonds sold, to raise means for the prosecution of our system of internal improvements, including exchange on London for the amount payable, there is		301,600 00
For which there is a tax now levied of 30 cents on the hundred dollars value of real personal property, taxable in the State of Indiana, amounting in the year 1839 to	321,000 00	
Amount received from surplus revenue fund (say)	34,000 00	
	355,000 00	
Deduct for delinquencies and expenses of collecting 15 per cent on the $321,000	48,150 00	306,850 00
The state has sold bonds for the construction of her works of internal improvement, to the am't of		$ 5,932,000 00

all of which bear five per cent. interest per annum, and are reimbursable in 1861, 1862, and 1863.

The state has sold other bonds, to wit:

1st. On account of Lawrenceburgh and Indianapolis Rail Road Company	221,000 00	
2nd. On account of Surplus Revenue	294,000 00	
3d. On account of the State Bank	1,890,000 00	$ 2,405,000 00

The interest on which is provided for—

1st. By the Lawrenceburgh and Indianapolis Rail Road Company.

2d. and 3d. By the State Bank of Indiana.

Recapitulation of State Bonds sold

Wabash and Erie Canal	1,727,000 00	
Internal improvement	5,932,000 00	
Lawrenceburgh and Indianapolis R. R. Co.	221,000 00	
4th Instalment of Surplus Revenue	294,000 00	
State Bank of Indiana	1,890,000 00	$10,064,000 00

In laying before you the state and condition of our finances, we regret that we cannot present to your honorable body a more cheering prospect for future operations in our system of Internal improvements. The large amount of State stocks thrown suddenly into market for internal improvement and banking purposes connected with the embarrassed condition of the commercial affairs of the country, and the contraction of moneyed facilities usually afforded, by the Bank of England; all conduce to the depression of the prices usually obtained for state securities. But no community possessing the abundant resources of the State of Indiana, can be long depressed either at home or abroad. Let her continue true to herself—let her consider her plighted faith as above all price, and let her in every situation however trying, and under all circumstances however embarrassing, resolve to protect her honor and credit, and it is confidently believed that the time is not far distant when her securities will be again sought for.

As intimately connected with the interest and welfare of the State, the Board have felt great solicitude that no loss should accrue from injury to any of her public works by their being left in an unprotected state, and they have exerted themselves unceasingly to procure the necessary funds to effect that object, and they are gratified to say, not entirely without success, so that in the unavoidable suspension of the works generally, it is believed that means have been provided sufficient to prevent any such damage.

It would readily occur to the Legislature that the best interests of the State require that in the application of her resources such works should be selected as can be finished with the least expense, and will be most productive when completed.

Which is respectfully submitted.

MILTON STAPP, } Fund Com'rs.
L. H. SCOTT, }

John Dowling to Noah Noble[1]

TERRE-HAUTE, Novr. 3, 1839

DEAR SIR: I devoted Wednesday, Thursday and Friday last to a ride along the line of the [Cross-cut] canal. . . .

. . . .

. . . The Wines contracts at the summit sections are pushed forward with great energy, and, indeed, it would seem that very little more is necessary to supply water power at this point through the canal, and thereby create a competition for the wheat of this region that must conduce much to the benefit of our farmers. At present, the millers can keep wheat *down,* and *put up flour,* to suit their own convenience. In *this* point of view *alone* the speedy completion of the Cross-cut is an object of vital importance to this region of country. Mr. Irons has his culvert completed, and he informs me that, if permitted to go ahead, he and his partner (Mr. Miles,) can finish their contracts by the middle of December. Mr. Williams, when here, suggested to him that, after he completed certain parts of his work, it would, perhaps, be as well for him to quit, as it was probable, from the signs of the times, that he might not get his pay for three or four years. He says he had no opportunity of asking him if the State would receive the work done, without withholding the per cent; because, otherwise, he would not stop, even if ordered to do so. My opinion is, that the little which now remains to be finished on Irons & Miles' sections, if stopped in its present ragged and incomplete situation, will subject the state to *treble* the cost at which they can finish it, if the contractors now go on. Irons says *he* will never think of *returning* to finish the little that now remains. Please advise me on *this* point at your earliest convenience.

---

[1] Noah Noble Papers, Indiana State Library. Dowling was supervising construction of the Cross-Cut Canal which was to extend from the Wabash and Erie Canal at Terre Haute to the Central Canal at Eel River in Greene County. The letter is typical of many received by Noble after the order was given to discontinue work on the various lines of improvement because of lack of funds. Each writer was pleading for a little more time and a little more money to complete projects that were almost finished. To abandon them would mean a loss of

They were working on the Feeder Dam with great energy. The force is very large, and it really seems to me, a most splendid work. . . .

Mr. Sutherland says he only wants money enough *to pay his hands;* and that, in order to accomplish this, he must have altogether at least $15,000. It appears from this, that the first estimate of himself and the Engineers was too low. The force is now, and has for some time been, very great, and the difficulties which he is compeled to encounter at every step, is such as no one could anticipate, or realize, except from actual inspection. The hands will be very clamorous, when the work is finished if they

much of the work already done, yet Noble was hard pressed to find any means to continue them. All he could do was to make promises of future payments if and when money became available.

don't get their pay, as the Engineer and Contractor are alike pledged in that particular. $5,000 more will therefore be necessary.[2]

I am, with great respect, Yours, truly,

JOHN DOWLING

Entre nous. So low is my estimate of the character of the *burglar* of Lawrenceburgh,[3] that I have ceased to wonder at any act of dishonor or meanness he, or his *son in laws,* or kindred, may think proper to perpetrate against the credit or honor of the State, particularly when they can be made subservient to their political elevation or selfish and interested views. They would willingly see the vessel of state go to wreck, if they could make a pleasure boat out of the splinters.

[Addressed:] Gov. Noble, Acting Comr. Cross-cut Canal, Indianapolis, Inda.

Wallace: Thanksgiving Day Proclamation[1]

[November 4, 1839]

PROCLAMATION

By David Wallace, Governor of the State of Indiana

Whereas, the Executive authority of this State, has been requested, by a large and respectable portion of the religious community, to appoint a day of general THANKSGIVING AND PRAYER.

[2] According to their report, the Board of Internal Improvement expected to dispense with building the locks on the Cross-Cut Canal, but hoped to use the water power. To attain this object additional work would be required amounting to $91,000. Some of the contracts that had been let on the Cross-Cut were transferred to the Wabash and Erie Canal. See below, 359, and *Documentary Journal,* 1839-40, Senate Docs., pp. 35-62. In 1847 the Cross-Cut Canal was placed under the jurisdiction of the Trustees of the Wabash and Erie with instructions to complete it and that part of the Central Canal which lay below its junction with the Cross-Cut, thus making a complete route from Toledo on Lake Erie to Evansville on the Ohio River.

[3] Dowling is apparently referring to Amos Lane. See above, 268n-69n.

---

[1] *Leavenworth Arena,* November 14, 1839, and other newspapers.

Therefore, seeing that the Supreme Ruler of the universe has not withheld from us that divine protection and munificence, extended to other nations, but amidst many afflictions, has remembered us in mercy; universal health is again restored in the land; He has caused the labor of the husbandman to be crowned with success by the production of an abundant harvest; He hath averted from us the calamities of war and of pestilence; and has permitted us in a peculiar degree to enjoy our civil and religious liberty. He has crowned with signal success the noble and philanthropic efforts of association and of individuals for the improvement of education, and the cultivation of the arts and sciences; the reformation of the vicious and the increase and spread of the Christian religion:

NOW, THEREFORE, in pursuance of said request, and of the ancient and revised custom of our forefathers, I, DAVID WALLACE, Governor of the State of Indiana, do hereby appoint and set apart THURSDAY THE 28TH DAY OF NOVEMBER, instant, to be observed throughout the State as a day of public THANKSGIVING AND PRAYER. And I do hereby recommend to my fellow citizens on that day to refrain from all secular employment, inconsistent with the discharge of those solemn and important duties, and to assemble together at their usual places of public worship, and there, in the forms consistent with the rules of their respective churches, offer up to the Supreme Being the grateful tribute of their hearts, for the manifestation of his divine goodness.

To invoke a continuance of His protection and favor; to implore his guidance in the ways of wisdom, and the paths of virtue and morality; and to beseech Him to extend to all nations the privileges of civil and religious liberty; and the knowledge and influence of the Gospel.

This was not the first Thanksgiving Day proclamation to be issued by an Indiana governor as is sometimes stated. Governor Noble had issued a proclamation on November 1, 1837, appointing the first Thursday in December of that year as a day of public thanksgiving. *Messages and Papers of Noah Noble,* 564. Wallace issued another Thanksgiving Day Proclamation on October 30, 1840. See below.

In testimony whereof I have hereunto set my hand and caused to be affixed the seal of the State at Indianapolis, the 4th day of Nov. A. D. 1839.

By the Governor.

David Wallace

Wm. J. Brown, Sec'y of State.

Samuel Judah to Noah Noble[1]

Vincennes Nov. 6, 1839

Dr Sir—I was informed this afternoon, that no arrangement had been made for our road between Paoli and Mount Pleasant.

I had just settled with our Branch men the terms of a loan of $150,000 for the Road from Mount Pleasant westward—and of $50,000 for the Wabash. But I am asked—what will be done for the road between Mt. Pleasant & Paoli?—

I have not any answer to make, because I am utterly at a loss.—

The plain fact is—that I am utterly sick of the *Political antinomianism* which seems to have formed the governing creed of our governing men—

Stewart is digging on the Central Canal north of our road—Who of the commissioners authorised this?— The work between Mt. Pleasant & Paoli is suspended. Why is it? — Nothing has been done on the river—wherefor is that? —

Dick Hubbard reported last session that he was authorised to state that the interest on our loans for 1839 was provided for.—[2] Nevertheless I know that our Branch has been requested by *Stapp* to make an advance toward the interest due I Decr. & 1 Jany—[3] And How is that? More astonishing yet—some time since I saw a statement from Merril & Scott—wild enough to be sure—but yesterday I read a letter from Stapp, backing all these men stated

---

[1] Noah Noble Papers, Indiana State Library.

[2] See Hubbard's report for the ways and means committee, January 24, 1839, above.

[3] See letter of the Fund Commissioners to the president and directors of the State Bank, November 12, 1839, below; also Stapp to Noble, October 23, 1839, above.

—and averring that Indiana had set apart $300,000 to pay her interest for 1839.— As you well know this is all deceptive.—

I for one will not back it— I for one will not sustain the men who may hereafter attempt to deceive the people.— I am distinctly opposed to our antinomianism—and if I am not much mistaken the legislature will say the same at the ensuing session.—

I want a plain intelligable statement of the *whole truth* from the Bank and from the Impt. Com.— I want to know who is to blame for the *continued neglect of our* interests? — This all given, I will fall back on my own reserved rights, and sustain my friends. But the hour of humbuggery—the day of Pharisees—antinomianism—and Jef. Evans[4]—has passed.

I am sometimes half maddened when I think to myself—is it possible that these men think me a baby—to be amused by a bauble—an empty promise. If any so does—be assured my dear sir, such will find at the proper time (and *there is no lane without its turn*) that the bauble has its thorns as well as the rose—and that the baby may sting as well as the asp.

No effort can be made, with a reasonable hope of success to sustain the improvement party of Indiana as such.— Just think a little, & oblige your friend

SAML. JUDAH

[Addressed:] Noah Noble Esq Indianapolis Ind

Fund Commissioners to the Directors of the State Bank[1]

INDIANAPOLIS, Nov. 12, 1839

THE PRESIDENT AND DIRECTORS OF THE STATE BANK OF INDIANA:

GENTLEMEN—The revenue now collecting to pay the interest on state bonds for internal improvement purposes, cannot be

---

[4] Thomas J. Evans, the speaker of the House of Representatives at the previous session.

---

[1] *Proceedings* of the State Bank of Indiana at the November session, 1839, in State Bank Papers, Archives Division, Indiana State Library. The related correspondence and action of the bank is also in the *House Executive Documents*, 26 Congress, 1 session, Doc. 172, pp. 887-89.

realized in time to meet our interest due in London and in the city of New York on the 1st day of January next; and there being no funds at the disposal of the Fund Commissioners to protect the credit of the state at the coming crisis, we have to ask of your honorable body to assist us, (in such way as you may think most advisable,) to procure eastern funds for the payment of the interest due on our state bonds at the time above mentioned.

For the payment of any amount we may receive at your hands or from others upon your recommendation, we will draw upon the revenue of the state for internal improvement purposes (which will shortly be in the hands of the Treasurer of State) at a short date and will guarantee payment to be made in the same kind of funds we receive, by the first day of April next with interest. Enclosed we send you a statement of amount of interest to be paid, where payable, and the means which will shortly be at our disposal for that purpose.[2]

Very respectfully your obedient servants,

MILTON STAPP,
L. H. SCOTT,
Fund Comm'rs.

---

[2] The committee of State Bank directors to which this application for aid was referred, reported: "That your committee feel that the object now proposed to be accomplished, is one of paramount importance, and vital, not only to the interest of our State Government, but also to the interest of every individual citizen. Indeed the alternative is now presented, and either this Bank must now come forward and aid in making this payment, or the credit of our State is gone forever, and every door of hope for the future will be effectually closed.

"In this state of things, your committee feel there is no ground for hesitation. This interest must be paid. We therefore recommend the adoption of the following resolutions:

"*Resolved,* That, in this emergency, the several Branches of this Bank should feel themselves called upon to respond to this application, by every consideration of interest and patriotism.

"*Resolved,* That this Board do urgently request and recommend our several Branches to come promptly to the rescue, and aid the State in this emergency, to the full extent of their means on such security or assurances of repayment with interest as may be satisfactory to the Branch Boards.

"*Resolved,* That this Board have confidence in the ability of the Fund Commissioners to perform their engagements, to refund on or

[Enclosure]

Interest due 1st January, 1839 [1840]—Payable at the Morris Canal and Banking Company

On account of Wabash and Erie Canal	$ 870,000—5—21,750		
On account of Internal Improvements	3,832,090—5—95,800		
On account of Lawrenceburgh and Indianapolis Railroad	221,000—5— 5,525	$122,075	[$123,075]

Payable at the Merchants' Bank

On account of Wabash and Erie Canal	$ 100,000—6— 3,000		
On account of Wabash and Erie Canal	$ 757,000—5—18,925		
On account of Internal Improvements	400,000—5—10,000	$ 30,925	[$ 31,925]

Payable in London

On account of Internal Improvements	$2,000,000—5—50,000

---

before the first day of April next, the money &c. to be advanced, in like funds to that which is received from the banks." *Ibid.*

Calvin Fletcher, one of the bank directors, commented that "notwithstanding it [payment of the interest] was diminishing our specie it was deemed advisable to advance the same or the int could not have been paid." The money was sent to New York in wagons. Fletcher Diary, November 17, 1839.

Exchange and Commission	5,000	55,000	
		$209,000	[$210,000]

Means of Payment

State revenue estimated	$260,000	
Surplus revenue	22,000	
Interest on Wabash canal lands	22,000	$304,000

Wallace *et al.* to Directors of the State Bank[1]

INDIANAPOLIS, NOV. 12, 1839

THE PRESIDENT AND DIRECTORS OF THE STATE BANK OF INDIANA:

Gentlemen—The foregoing application of the Fund Commissioners is one that demands the serious consideration of every individual who is anxious to preserve the credit of the State; and we earnestly hope that it may receive your favorable attention. As officers of the State, wishing to preserve its credit, we will use every exertion in our power to aid the Commissioners in meeting any engagement which they may make with you to carry out their laudable object. Very respectfully,

DAVID WALLACE,
WM. J. BROWN, Sec'y of State
N. B. PALMER, Treas'r of State
M. MORRIS, A. of P. Accounts.

---

[1] *Proceedings* of the State Bank of Indiana at the November session, 1839, in State Bank Papers; also *House Executive Documents,* 26 Congress, 1 session, Doc. 172, pp. 887-89.

President of the State Bank: Annual Report[1]

[November 27, 1839]

To the General Assembly of the State of Indiana,

The 13th branch of the State Bank of Indiana was organized at Michigan City in Feb. last, the first instalment having been paid by the State and individual stock holders; and arrangements have been made for paying the second instalment due from the State, three months in advance, for the purpose of furnishing additional aid to the purchasers of wheat, which is the great staple of the Northern part of the State.

The second instalment due from the State has been paid into the branch at South Bend, and most of the individual stockholders have executed Mortgages as directed by the charter to secure the State for advancing the money to be paid on their behalf. But as no loan could be made by the State to make the payment for the stockholders it is still unpaid.

Books for the subscription of stock in the 14th and 15th branches, were opened in June last and the amount of stock required by the Charter to be held by individual stockholders, was subscribed, but the State being without the means to pay the first instalment on the stock, which she is to hold in these branches, no call has yet been made on the subscribers for their first instalment.

---

[1] *Documentary Journal,* 1839-40, House Doc. No. 6. For an additional report made by Merrill on January 8, 1840, see below. The House committee on the State Bank made a lengthy report on February 4, 1840, which included testimony taken in their investigation of the bank. See *House Journal,* 1839-40, pp. 495-513, 527-627. At the close of their report, the committee introduced a joint resolution removing Merrill from the presidency of the bank and Calvin Fletcher and Robert Morrison from the board of directors. The resolution passed the House, but was tabled in the Senate. *Ibid.,* 627; *Senate Journal,* 1839-40, p. 378. Merrill presented a defense of the bank in answer to the charges made by the committee. It is printed in *House Journal,* 1839-40, pp. 513-27.

The Indianapolis *Indiana Journal* (triweekly, February 7, 1840) termed the resolution of removal an "ultra-revolutionary measure" "cooked up in a hash of plausible theories, and metaphysical deception" and was the result of "the recklessness and ultraism of party spirit." Though the bank officials themselves were not partisan in politics, and "for talent, integrity, and virtue, had no superiors in the state," yet they were to be thrust from office. The main criticism of the bank, according to the *Journal,* was that the farmers were not able to borrow money as easily as the merchants; the paper denied this.

It is a subject of deep regret that the funds authorized by the last Legislature to be borrowed for the increase of State stock in the Bank, have not been obtained. The organization of three new branches and the addition of $1,500,000, to the Bank capital of the State would have been of great advantage to its business, materially aided its revenue and furnished our enterprising citizens with banking facilities not inferior to those enjoyed in the neighboring states. The amount of capital might have been nominally less, according to our wealth and resources, yet as the State is a bona fide stockholder in all the branches, and as in a majority of them, most of the stockholders seldom borrow, it is believed a much larger portion of the accommodations, have had reference to the capacity for business, punctuality and integrity in borrowers, than is usual in similar institutions.

A special report will be made at an early day by the Agent who attempted to negociate the loan for the increase of bank capital.[2]

The statement at the conclusion of this report exhibits the condition of the Bank on the 31st October, 1839, together with a view of the result of its operations to the State. The tabular statement of the Bank and each branch will be submitted during the first week of the session, as required by the charter.[3]

The appointment of three Directors in each branch by that part of the State Board, which is chosen by the State, has always been viewed an important means of securing the correct management of the branches. From the outset, it has been the practice to select respectable men of different parties, if such were known to exist, that an avenue might be open to hear complaints from all quarters, if any should choose to make them, and for three years it has been an object to appoint persons who would ask no favors of the branches.

Semi-annual examinations of the branches have been regularly made, and the reports of the Examiners are on file in the office of the State Bank. No uniform mode of examining has been pursued, yet enquiries have usually been made into the liabilities of the Directors and stockholders, the security of the loans; and whether the notes, bills, cash and deposites agreed with the amounts charged; and remonstrance, admonition, or the action of the State Board has been had, in reference to matters complained of, as the general good seemed to require.

---

[2] See Merrill's report, January 8, 1840, below.

[3] These are not reprinted here.

That there are serious obstacles to the correct management of Banks, as in every other useful and important business, must be apparent to all who examine the subject. The great variety of regulations prescribed by the Legislature, the numerous restrictions and penalties imposed, and the array of Directors and other officers, with peculiar and minute duties allotted to each, are evidences, that difficulties must be expected, and here, there are some peculiar to a new country. Credit and confidence are of slow growth, and when transplanted, they have so little strength and firmness, that a breath of suspicion may blast them. There would seem to be no remedy, but to investigate all complaints, justify nothing that is wrong, and yield nothing to interested and unfounded clamor.

When Bank stock is held for the benefit of widows and orphans, or by farmers, merchants or professional men, retired from the active pursuits of life, and wishing only reasonable dividends, and they constitute or choose the Directors, there will be little liability to error. When such men are to judge of the claims of others, it will be as desirable to the Bank to have good customers as for *them* to obtain accommodations. But in a new country, those who ought to hold Bank stock, are few in number; and too often it is held, not for the dividends, but to procure loans: capital is pretended to be taken from business only for the purpose of using more capital in that business; and Directors are chosen, who accommodate themselves first, and then yield to the solicitations of others with no better claims. The result of such banking cannot well be mistaken.

Another difficulty arises from the tendency of business, and the constant efforts of borrowers, to turn what were intended to be temporary accommodations, into long loans. When this is effected to any extent, in the same proportion, new loans cease to be made, the Bank paper no longer issues regularly as a circulating medium for the country. Those who would borrow to carry off produce, or temporarily for other useful purposes, are told time after time, "the bank is not discounting." And the institution, instead of resembling the unfailing fountain, which pours a constant stream to cheer and gladden the country, becomes like the exhausted cistern, a mere deposite for dregs.

Long loans are in general not less injurious to the borrower, than to the Bank and the country. If they were only made while property was rising rapidly in price, and borrowers would be sure to sell before a fall of prices commenced, they might be more fortunate; but all experience shows that no business men are so unreasonable as those who have dealt long on borrowed capital, —that success only stimulates them to incur increased liabilities; and that the neglect to pay when money is plenty, makes the attempt hopeless when it is scarce.

The periods during which prices rise rapidly are short, compared with those in which they are about stationary or are falling; and there can be no question that in common times, the farmer cannot afford to pay a rent equal to the interest of the cost of his farm and stock; nor can the merchant afford to pay interest on what, by his credit and capital, he uses in his business. Most active men may, with advantage, pay interest for short periods, on money to aid their operations; but there are few indeed, who can meet a constant drain on their income, equal to the interest of the capital employed.

Another great difficulty in the way of useful banking is, the accommodation loans to merchants. While the balance of trade is against the State, the money loaned for the purchase of goods from abroad only increases the evil. And when the merchant borrows directly from the Bank, in the place of those who would circulate its paper, he takes from the people the means to do business and pay debts; and while his sales increase their liabilities, his policy cuts off the resources for payment. If he would give way to the produce buyer, the manufacturer, the employer, &c., the money loaned, after performing its proper functions among the people, would in the end come to him in payment of debts. But when he insists on being the borrower himself, his conduct is as absurd as that of the physician, who had rather *swallow* his own drugs, than *sell* them for the benefit of others.

There is still another difficulty in the way of useful banking, not less dangerous at this time, than any other. It is the spirit of party, which carried to one extreme, would injure Banks in the performance of their proper duties, and the enjoyment of their just rights; and on the other, would perhaps support them in error to use their influence for political purposes. The business of a country can never with propriety be either the object of persecution or undue favor with any of its political parties, and it is believed this is never in fact the case with a large majority of any party, however some of its leaders may wish to have it appear otherwise. Unprincipled politicians may expect favor, by defending that which needs no defence, or that which deserves none; or they may hope by general attack and abuse to bring down all that is above them to their own level; and misrepresentations may be repeated so often as to produce their effect on the public. Yet the Bank of this State is so open to examination by its authorities, and every thing questionable as to its being safe or profitable, and as to its general policy, can be so easily ascertained, that it is hoped, that nothing, which can give general satisfaction in these matters, will be omitted. Banking cannot be conducted successfully without public confidence; and if the time ever comes, when those who manage it are not felt to be worthy of trust, and if a change cannot be had in this respect, the Bank may struggle on, but it will be to little purpose.

There is in the minds of many a strong feeling, that all, who can give security are equally entitled to bank accommodations. It is true that mere personal partiality or prejudice ought never to influence a discount; and that whenever persons can pay promptly it will in general be proper to accommodate them. Yet it is an important duty of directors to prefer such loans as will supply a regular circulation, make produce and industry more available, and integrity and enterprize more efficient and useful. But if applicants for loans have no means for punctual payment, all favors granted to them, which interfere with prompt loans to others for useful purposes, are injurious to the country.

It is sometime objected to Banks that they do not furnish a currency always *uniform* in amount and value. Such a currency can never be had, nor in fact would it be adapted to the constantly changing crops and seasons and ever varying wants of human life. All the *uniformity* that is practicable or perhaps desirable, is that a bank should be prepared to make new discounts, when the business of the country demands it. If it do this, though its circulation be small it will still be active, and if the circulation be large and at a distance from those for whom the bank was created, there will still be a currency issued for their use. The purchase of bills, in preference to discounting notes, is frequently complained of, though there is no business of the bank more beneficial to the country than this. When a note due the bank is paid at its counter, the money used for the payment is taken from the currency at home. But when bills of exchange are paid by the sale of produce in a foreign city, or by the collection of a debt from abroad, the money is drawn from others. A bill of exchange is sold for money to be circulated here, and were there not more than $2,000,000 annually sold, the bank would soon be drained by the debts owed by our citizens abroad.

While it is not pretended that no errors have been committed in the management of the bank, it can be said with confidence that many of the branches have never knowingly transcended their duties; that in a considerable majority of them, most of the stockholders seldom borrow; and where they do, they ask no favors: that the directors generally give no preference to their own paper over that of other business men; that no complaint has ever been made of the refusal of a discount on account of political preferences, that the branches are safe beyond dispute, their management in general creditable to the officers, and their business useful and profitable to the country. In the instances of improper conduct in the branches that have come before the State board, such course has been taken by *censure, restricting discounts, withholding dividends, &c.* as justice and good policy appeared to require, and when other correctives fail, there will be no hesitation in suspending any branch that shall persist in error. *"If the interest of the State and the safety of the other branches require it,"* the remedy provided in the last resort will be used but as other measures have so far succeeded or at least give assurance that they will be sufficient, it is hoped that the injury which the suspension of a branch will necessarily occasion the public may be avoided.

From the prohibition in the charter, that directors should not borrow, except on the same terms as others, it is evident, that it was not intended that stock-holders should be specially favored in their accommodations. The loan by the State to enable them to pay their second and third instalments, has been such a favor to them, that they come with a poor grace to ask for still more. When they take out and keep out long loans, it is, in effect, the withdrawal of so much stock. They contribute nothing to the profits of the bank over six per cent, and they excite constant suspicion, that the institution is not managed for public good but for individual advancement. The branches in which this stock is held must, of necessity, be restricted in their discounts; but while bank stock is so little in demand, it is difficult to remedy the evil entirely. Whenever persons, who can afford to hold bank stock, are willing to take it, the stock-holders of a different description, may be compelled to part with it.

The high prices, which produce has borne in past years, the losses sustained by those who have traded in it, and the general embarrassment of the monied concerns of the country, have involved a large number of the business men to a considerable extent; and many of them, who are indebted to the bank, will not be able to make payments as fast as they had anticipated, or as might be wished. As neither the bank nor the country can be gainers by crowding such customers beyond their ability to bear, when they can and will pay, if time be allowed, much forbearance must of necessity be exercised towards them. If they cannot pay fair instalments on what they now owe, they should not expect new accommodations. Yet by judicious indulgence, they may and will collect their dues from others without ruin, and the bank and the people be saved from all losses not absolutely unavoidable, in such a change of times as is now taking place in the country.

By an arrangement with the fund commissioners, several of the branches have made advances on the public works, as payments became due to contractors, with the understanding that 2 months afterwards, the amount advanced should be credited to the branch in some bank in N. York. The fund commissioners failed to realize, according to the agreement, the loans negotiated for the State, and the debt due from the State has since been increased by advances to secure some of the works from destruction, and by money placed in the hands of the fund commissioners to protect the interest and credit of the State, if it should be necessary to use it.[4] The sums due from the State, which cannot be paid for a time are now considered as other debts and of course they limit the operations of the bank, under circumstances and at a season of the year when the demand for specie and the desire to aid the exporters of produce, render it exceedingly unpleasant to be thus embarrassed. Several of the branches which have made only small advances for the State, will experience little or no difficulty and they may during the exporting season enlarge their discounts considerably, without any danger of being run for specie, to any extent. Other branches may from the circumstances referred to, and their connection with Banks, that have suspended specie payments, be forced either temporarily to suspend or reduce their discounts more rapidly than they have done. From no view of the case, which the State Board had before them, at their late session, did they feel prepared to make a special order on the subject. They felt that, whatever is done in this matter, should not go beyond what will be approved by enlightened and well informed public opinion. If the officers of the Bank can be sustained by this, they may and should go fearlessly forward and conduct their business not for their own, nor for any individual interest or benefit, but as will most promote the interests of all creditors, all debtors and the whole community.[5] But if a suspension take place in any branch for selfish purposes, on the part of its directors and officers; if its tendency be to occasion a depreciated paper circulation, raising the prices of property and aiding debtors at the expense of creditors; if any of the branches shall pursue a course, in this respect, injurious to community and hazardous to the other branches, and if they transact business which will not increase their ability to resume and continue specie payments, they will be held to a strict account for their conduct.

---

[4] See Merrill to the editor of the Indianapolis *Indiana Journal,* 419n, and also letter of the Fund Commissioners to the directors of the State Bank, November 12, 1839, above.

[5] At the November meeting of the directors of the State Bank it

While the payment of specie is, in general, essential to sound banking, there may be circumstances under which neither the creditors of the Bank nor the public should complain of denial or delay any more than that justice is denied or delayed, by holding Courts only at stated periods and allowing time for notices on writs and executions.

As to the prospects, for the future, so much depends on circumstances, that no certain calculations can be made. It cannot be denied, that there are unfavorable indications and if these predominate in the extreme, the results may be easily foretold. If State character and pride be thrown away; if the currency of the country be so much diminished that debts must be paid in a medium made five times more valuable than that in which they were contracted; if the labor and productions of our citizens be valued in a *dear* currency, while what they buy from other nations is valued in a cheap one; if talents, industry, and skill are to be useless, unless connected with hereditary wealth, no matter what may be left to us, one universal blight will render the whole of little value.

was decided not to order any suspension of specie payments by the branches, but to leave it to the directors of the local branches to determine what was best to do in case of emergency. *Proceedings,* November, 1839, in State Bank Papers, Archives Division.

A meeting was to be held at Madison early in November to learn the sense of the citizens regarding the Madison branch suspending specie payments. The bank had closed its vaults against other banks, shavers, and brokers, but those who wanted specie to buy land could be accommodated. Indianapolis *Indiana Journal,* November 2, 1839. The above policy met the approval of the editor. A partial suspension, he thought, would be sustained, but an entire suspension would not.

But if the other extreme be pursued, or the best, that circumstances will admit of, be done; if patriotism, forbearance, and good feeling shall unite to prevent any false step being taken; if the state faith be preserved inviolate in reference to its debts abroad and institutions at home; if economy in expenditures, and the prices of property and labor be made to conform to the changed state of things now before us, and if the usual stimulants to enterprise and industry be kept in operation, there would seem to be no good reason, why the prosperity of the state may not soon be placed on a substantial basis.

Whenever the causes of the present embarrassments are enquired into, it will be found, that the Bank is responsible for but few of them. It has always been the interest of the Bank to favor the raising and exportation of produce and these interests it has not neglected, and had the labor of the country been directed more to these objects, as all productions of the soil have borne good prices for the last five years, the present difficulties might have been measurably avoided. But a different course has been pursued, in which the Bank has had no concern, and which at this moment is creating most of the difficulties that embarrass it and its customers. When there was no surplus labor, towns and public works have been pressed forward in all directions. It may well be questioned whether the expenditure of money for such purposes in a country situated as ours has been, even if the money were donated, is not a total *waste* and worse than a waste, so far as what is done will not produce such an income as other productive property. The increased expense of private improvements; of raising produce; and of living generally, is more than equal to the money laid out, while it is not perceived, that any one is a gainer, except by the additional value given to real property, which in most cases is merely imaginary. The large importations of merchandise which this state of things has encouraged have vastly increased the difficulties.

Under present prospects that industry and enterprise may not sink into despondency, a call is made for public spirit, which seldom appearing in prosperity, will yet come into exercise, when it is really needed. All public or private works which will directly or indirectly yield a similar or greater income than other property, should be urged at once to completion, and if state loans can no longer be made, let the state, if no better plan be proposed, call upon those, who are interested in these works, to complete them at once. This can be done equitably by a board of judicious men and with as much propriety as the owner of a lot can be made to pay for grading and paving. The state is interested in increasing its wealth, and the individuals who should be called upon have a double interest, *one* the increased value of their property and the *other* to prevent its depreciation and the loss of debts, which must be inevitable if opportunities for employment be not provided, and general discouragement and stagnation prevail. Let citizens show the right spirit, let the state be faithful to itself, and its bank capital may be enlarged, its business prospered, its revenues aided, its wealth and respectability vastly increased, wide spread ruin may be avoided and we again become a united, energetic, and prosperous people.

In the mean time, the officers of the Bank will go on, and if their course be sustained, will discount to aid the exportation of produce more than a million of dollars, within the next three months, satisfied that it will be useful to the public and make the Bank stronger and safer, under any probable circumstances. But if they have been mistaken in their views of duty and a different course be demanded of them, they will as soon as they are undeceived promptly conform to the public will in all matters which their obligations to support the charter do not expressly prohibit.

Respectfully submitted.

S. MERRILL

. . . .[6]

As it may be interesting to the Legislature and the community, to have a summary view of the result of the operations of the State in banking, from the commencement of the State Bank, the following Exhibit is annexed:—

---

[6] The statement of the condition of the State Bank on October 31, 1839, which was given here, has not been reprinted.

The means furnished by the State, under the Bank Charter, are in her bonds, bearing five per cent. per annum, and payable in the year 1864		$1,390,000 00
Also on surplus revenue account, 3d instalment, amount	286,751 48	
Bonds for advance of 4th instalment by Bank	294,000 00	580,751 48
		$1,970,751 48

The resources of the State arising from the means above furnished, are as follows:—

In Bank capital under the charter	$880,000 00		
Its portion of the Surplus Fund, estimated	92,187 12	972,187 12	
In Bank capital, from Surplus Revenue	379,950 00		
Its portion of Surplus Fund, estimated	32,753 73	412,703 73	
		1,384,890 85	
In mortgages taken from stockholders	244,429 94		
In mortgages to citizens on real estate	720,743 92		
In branches, balances	12,020 87	977,194 73	2,362,085 58
From which deduct the means furnished by the State above			1,970,751 48

Leaving the amount of profit clear to the state, at present, growing out of her banking operations from commencement, as estimated	391,334 10
In addition to which the State has received from the Bank and Sinking Fund Commissioners on Surplus Revenue account, towards liquidating the interest on the Internal Improvement debt, after paying the interest on the $294,000 bonds issued for the advance of the 4th instalment	77,764 02
And in tax on the individual stock for school purposes	12,647 25
Making the total estimate of the nett proceeds resulting to the State from the operations of the State Bank and Sinking Fund, after paying all interest accruing on the bonds of the State given for banking purposes, and deducting the amount required to satisfy the principal of said bonds, and to return to the State the third instalment of $286,751 48, provided the expectations of the Bank, in the future progress of its business be not frustrated and disappointed, subject however to any charge which may arise on the State's share of the surplus fund, from loss in the collection of the debts due the Bank	$ 481,745 37

James M. Ray, Cashier

State Bank of Indiana, Nov. 27, 1839.

Wallace: Message to the General Assembly[1]

[December 3, 1839]

GENTLEMEN OF THE SENATE, AND HOUSE OF REPRESENTATIVES:

We are greatly indebted to Divine Providence, for the multiplied blessings dispensed during the past year, to the people of Indiana.—Whilst other portions of the Union have been scourged and desolated by pestilence, our fellow citizens have been permitted the enjoyment of general good health; the seasons to them have been genial; the earth has been most bountiful, and yielded to the labors of the husbandman a superabundance of the chief comforts and necessaries of life. I wish that fact and truth would justify me in making a similar acknowledgement to those who have for years controlled the political fortunes of this great nation; but a deranged and ruined currency; a universal prostration of credit and confidence, the deep and unmitigated pecuniary distress, which is now visiting, or threatening to visit, every class of our late prosperous community, most solemnly forbid it. How long this state of confusion is to last, is a question which the people only can answer; for in their hands are exclusively vested the constitutional right and power to apply and enforce the necessary correctives.[2]

The balance in the treasury, on the 31st of October last, amounted to 28,702 dollars. From this sum, however, the fourth quarterly dues have to be deducted, which may likely reduce it to twelve thousand dollars. Of the revenue collected in 1838, $30,000 had not been appropriated. The legislature, by special act, directed the treasurer to loan it out for one year, on sufficient security, at a rate of interest not less than ten per cent. This duty the treasurer performed, and the loans will fall due chiefly in the month of February next. These two sums, amounting to forty-two thousand dollars, together with the poll tax, which may probably produce forty-five thousand dollars more—in all eighty seven thousand dollars—constitute the only means provided for defraying the expenses of the State government in 1840. A fact, the knowledge of which, must impose upon you the observance of a severe system of economy, as the disbursements, on behalf of the State, for the two preceding years, have considerably exceeded that sum. In one respect you possess a decided advantage over your predecessors: you will have no provision to make to meet the heavy expenditures consequent upon a revision and distribution of the laws.

---

[1] *House Journal,* 1839-40, pp. 14-28. The Bloomington *Post* (December 6, 1839) and the Aurora *Dearborn County Democrat* (December 19, 1839) thought this message was by far the best of the three delivered by Wallace; however, the latter believed it was written by George H. Dunn, former Congressman from Dearborn County, rather than by the Governor. Since this was the last year of his three-year term, newspaper editors thought it natural that he should be looking ahead to the election in 1840, and in bidding for re-election, that he should feel it necessary to make a strong avowal of his devotion to Whig principles by attacking the administration in Washington. The Terre Haute *Wabash Enquirer* (December 11, 1839) considered the message commonplace, and thought many Whigs in the state—to say nothing of Democrats—could have written a better one.

[2] The Senate and House committees to whom this portion of the Governor's message was referred made reports on January 2 and 14, respectively. These are printed below.

The expenses of the last legislature, including the pay and mileage of members, amount to forty-two thousand five hundred and sixty-three dollars and twelve cents; the public printing to seventeen thousand seven hundred and eighty-eight dollars and ninety-three cents; and the specific appropriations to seven thousand eighty-five dollars. In relation to the public printing account, it may be well enough to remark, that about three thousand dollars of it, were for news papers published at the seat of government, and distributed by the members of the legislature to their constituents.[3]

[3] The cost for newspapers during the previous session was larger than usual because there had been four papers published at Indianapolis —*Indiana Journal, Indiana Democrat, The Mechanic,* and *The Indiana Farmer*—and the legislature had provided all of them for its members. Since that time, *The Indiana Farmer* had failed and *The Mechanic* had been discontinued. The Governor overestimated the cost of the four papers; as reported by the treasurer of state it was $2,349.12. The *Dearborn County Democrat* (December 19, 1839) suggested that the Governor's object in bringing up the matter was to cut off all newspaper subscriptions, a move that would hurt the *Indiana Democrat* more than the *Indiana Journal,* for the latter could afford to do without this official patronage.

The assessments of taxable property, the present year, are quite favorable; they exhibit most gratifying results; and prove, beyond a question, that both the population and wealth of the State have been steadily on the increase. The taxable polls of 1839 amount to ninety-five thousand two hundred and ninety-one; exceeding those of 1838, six thousand seven hundred and fifty-six. But this is evidently much below the true estimate, as the aggregate vote cast at the late congressional election very clearly demonstrates,—that vote being one hundred thousand and five hundred. Indeed, I have little or no doubt, but that a close and careful assessment would have returned not less than one hundred and fifty thousand polls. In 1838, the total valuation of all the taxable property of the State amounted to 97,058,094 dollars; this year, that amount has been swelled to 107,337,715 dollars—showing the year's increase to be 10,278,621 dollars.

The principal subjects of taxation, it will be recollected, consist of lands and their improvements, town lots, corporation stock, and personal property. Of these, the lands, the present year, embracing 7,475,320 acres, have been valued at 65,984,879 [65,954,879] dollars; the town lots at 14,676,372 dollars; corporation stock at 869,630 dollars; and personal property at 23,687,534 dollars. Now in the assessment of two of the foregoing items, to wit, the lands and corporation stock, we know that there has been displayed the grossest negligence. We know, for instance, by referring to the reports of the commissioner of the general land office, that 8,922,122 acres of land are subject to taxation this year, and, of right, ought so to have appeared on the assessment rolls; yet we find there only 7,475,320 acres, leaving 1,346,802 acres untaxed. We know, too, that the private stock in the State Bank of Indiana, alone, amounts to 1,334,050 dollars, between four and five hundred thousand dollars more than the whole amount of corporation stock returned. Besides, there are the stocks of the savings institutions, the loan offices, and insurance companies located in many parts of the state, apparently lost sight of or omitted altogether.

The loss which the treasury sustains in consequence of such imperfect assessments, is truly astonishing. If, for example, we add to the aforesaid 1,346,802 acres, the 229,351 acres returned as per auditor's report, as delinquent lands, to the school commissioners, we then discover that 1,576,153 acres escape taxation this year; these, at eight dollars and seventy-two cents per acre, the average value of other lands, amount to 13,745,005 dollars; add to this again, the 464,420 dollars, the neglected portions of the private stocks in the State Bank and other institutions, and we have 14,209,425 dollars of taxable property unassessed entirely; which, according to the established rate, would have produced a revenue of 42,628 dollars. Surely such things ought not to be. This principle of taxing one man's property, and exempting that of his neighbor is exceedingly unjust, and cannot long be tolerated or submitted to by the people.

The state debt, created by the sale of State bonds, at various times, for bank and Internal Improvements, amounts to 10,064,000 dollars: 1,727,000 for the Wabash and Erie canal; two hundred and twenty-one thousand dollars for the Lawrenceburgh and Indianapolis Rail Road Company; two hundred and ninety-four thousand dollars for the creation of bank stock in anticipation of the fourth instalment of the surplus revenue; 5,932,000 dollars for the system of Internal Improvements; and 1,890,000 dollars for the purpose of establishing the State Bank. From this exhibit you will perceive that 7,870,000 dollars have been borrowed for Internal Improvement purposes, and only 5,932,000 for the system proper. I make this distinction because the Wabash and Erie Canal, from the Ohio State line to Terre Haute, is provided with means, independent of taxation, to assist in its construction; and the two hundred and twenty-one thousand dollars, advanced to the Lawrenceburgh and Indianapolis rail road, are secured by mortgages on land.

From the report of the Fund Commissioners, already before you,[4] you have no doubt ascertained that out of the 5,932,000 dollars of State Bonds sold, for the benefit of the system proper, only 5,456,624 [4,445,625?] dollars and thirty-nine cents have been received; leaving 1,486,375 dollars still due; that out of the 1,727,000 dollars sold for the benefit of the Wabash and Erie canal, only 1,553,507 dollars and twenty cents have been received, leaving one hundred and seventy-three thousand four hundred and ninety-two dollars and eighty cents still due. In short, that on the entire sales of 7,659,000 dollars worth of bonds, 1,659,868 dollars and nineteen cents remain to be paid by the purchasers. But although the state is bound to pay the interest on the whole amount of Bonds sold, still, by agreement between the parties, the interest on the 1,659,868 dollars is to be paid by the purchasers, as it becomes due; so that, in reality, the State, this year is required to meet the interest on only about six millions of dollars of the internal improvement debt.[5]

---

[4] See above, November 1, 1839.

Now of the bonds sold, three hundred and ninety-four thousand dollars draw six, and seven million eight hundred and thirty-thousand dollars, five per cent. interest, payable semi-annually, on the first of January and July. The January payment, therefore, will amount to two hundred and seven thousand six hundred and twenty dollars, and by adding five thousand dollars as the probable exchange on London, it will be two hundred and twelve thousand six hundred and twenty dollars. To meet this demand, the State is provided with the following means, to wit:

Thirty cents on every one hundred dollars of taxable property in the State—which we have seen amounts to $107,337,715 dollars—deducting nine per cent. for collections	$294,000
Interest on canal lands	22,000
The excess of interest over six per cent. realized on the 294,000 dollars of bank stock created in anticipation of the fourth instalment of the surplus revenue	8,820
Interest on the third instalment of the surplus revenue	25,180
Canal and rail road tolls	13,338

---

[5] Wallace was slightly mixed up on his figures. From the report of the Fund Commissioners made on December 19, 1839 (*Documentary Journal,* 1839-40, Senate Doc. No. 12, p. 195), the amount remaining due on the entire sales was $1,547,075 rather than $1,659,868. What part of this was for the internal improvement loan is not set out.

From the Lawrenceburgh and Indianapolis Rail Road Company	11,050
Interest due from New York Banks, as per Fund Commissioner's report	46,000
Total	420,388
Deduct the January payment	212,620
And there is left	$207,768

to apply to the July payment.[6]

The amount of this balance, however, will greatly depend on the success attending the collections of the revenue. Should there be many delinquencies, it may possibly fall short a few thousand dollars; but not enough, I hope, to prevent the State from fulfilling her engagements without difficulty.

By the revenue act of the last Legislature, the levy of thirty cents on the hundred dollars, for the payment of the State debt, is confined to the year 1839. It will, therefore, become necessary for you, at the present session, to provide the requisite means to accomplish the same object for 1840.[7]

---

[6] Compare this with the figure in the report of the Fund Commissioners to the Senate on January 6, 1840, below.

[7] The ways and means committee of the House, on February 11, 1840, reported a bill providing for a levy of $1.00 on each taxable poll and 40 cents on each $100 valuation of taxable property. The House amended the bill by inserting the rates then in effect of 50 cents for the poll tax and 30 cents for the property.

At this point the revenue bill became hopelessly entangled with an effort on the part of the Democratic House to dissolve the boards of Internal Improvement and Fund Commissioners. A bill to this effect (H. B. 324) was passed by the House but was so amended in the Senate that the House tabled it. As an alternative the House added an amendment to the revenue bill providing for one fund commissioner, Nathaniel West, a Democrat; one member of the Board of Public Works, Noah Noble; and two engineers, Jesse L. Williams, a Whig, and John Frazier, a Democrat. The revenue bill so amended passed the House but was not accepted by the Senate. A conference committee failed to reach agreement. At the last moment a joint resolution was introduced in the House by Amos Lane reviving the revenue law of 1837 (*Laws of Indiana,* 1836-37 [general], pp. 110-12) which provided for a tax levy of only 15 cents on each $100 valuation of taxable property and a poll tax of 50 cents. The resolution was rushed through both houses under

From the sales of the public lands, as reported by the commissioner of the General Land Office, we ascertain, that the 8,922,122 acres of land now subject to taxation, will be augmented annually by the following additions: in 1840, by 1,586,904 acres; in 1841, by 3,249,210 acres; in 1842, by 1,249,818 acres; and in 1843, by 320,641 acres—proving most conclusively, that in 1843, we shall have 15,328,694 acres of taxable land. In times, therefore, like the present, when gloom and despondency seem to pervade every bosom; when the credit of sovereign states even, can no longer command money from abroad; and when bankruptcy and ruin, with their attending trains of evil, apparently hang suspended over the great mass of the people, no citizen of Indiana, I presume devoted to her interest, or who feels himself identified with her prosperity and glory, can avoid receiving the foregoing

suspension of rules. *House Journal,* 1839-40, pp. 768, 914-15, 916-23, 977-78, 981-83, 987, 996; *Senate Journal,* 1839-40, pp. 451-52, 457, 474-75, 481, 482, 487, 490; *Laws of Indiana,* 1839-40 (general), pp. 6-10.

This, of course, meant a drastic cut in the revenue from that provided for in the original bill. The crux of the matter seemed to be the effort of the Democratic House to get rid of Milton Stapp as fund commissioner and the Senate determination to keep him. The Terre Haute *Wabash Express* (a Democratic paper) said that the "unyielding" Whigs in the Senate would rather lose some $200,000 in revenue than dispense with Milton Stapp (issue of February 26, 1840). Nathaniel West, whom the Democrats wanted to succeed Stapp, was obnoxious to the Whigs. The Indianapolis *Journal* (February 20, 1840) remarked on his habit of lounging around the legislature for the purpose of exciting Democrats to deeds of madness and destruction. If he was made fund commissioner, the Whigs expected that he would spend his time in eastern cities manufacturing political capital for his party by attacking the actions of the former commissioners.

On the last day of the session H.B. 324 dissolving the boards of Fund Commissioners and Internal Improvement was brought up again in the House and the speaker pro tem. (Robert M. Carleton [Dem.]), without having it read and without calling the roll, announced the concurrence of that body in it. The Whigs in the Senate were suspicious of the high-handed move; however, the bill which had been pushed through was the bill as amended by the Senate. This provided for a Board of Public Works to consist of Noah Noble and Jesse L. Williams and a Board of Fund Commissioners to consist of Milton Stapp and the treasurer of state (Nathan B. Palmer). Indianapolis *Indiana Journal,* March 3, 1840; *House Journal,* 1839-40, pp. 994-95, 1004-5; *Senate Journal,* 1839-40, p. 512; *Laws of Indiana,* 1839-40 (general), pp. 51-52. See also below, 429.

facts as evidence sufficient to justify him in confidently anticipating a safe deliverance from present and future enthralments. Administrations may change, parties may alternately triumph, and destructive experiments be repeated, but the soil and its fertility will remain unaffected by either; it constitutes an element of wealth which man, even in his folly, cannot destroy, and which, when all others are swept away from him, continues in the performance of its functions to cheer and support him through every emergency. It is, therefore, matter of heartfelt gratification to see how largely the people of Indiana are possessed of this element; for, combined with the untiring energy and industry which distinguish their character, we feel that we hazard nothing in predicting, that the wealth and resources of the State must continue to expand in despite of the most adverse circumstances.

The failure to procure funds, as we had a right to expect from the extensive sale of State bonds, effected in the early part of the season, has led to great and unusual embarrassments, not only among the contractors and laborers, but also amongst the people. The State has in consequence, fallen largely in debt to the former, and is without the means, in possession, of discharging it. The banks, too, have advanced most liberally, and have not yet been reimbursed. In a dilemma, therefore, so unexpected, questions of great interest naturally present themselves. How can the State extricate herself from present difficulties? What course will she take to liquidate the outstanding obligations against her? So far as the banks are concerned, a few months delay, might, perhaps, be tolerated; but not so with the contractors and laborers; their necessities require immediate payment; and the State, by all means, should exert herself to accomplish it. The amount advanced by the bank, is 641,200 dollars and 17 cents, and the amount due to contractors, 706,559 dollars. To discharge both these debts, the State has owing to her from the New York banks, as before stated, 1,659,868 dollars. If the contractors, therefore, could only wait a reasonable length of time, without absolutely ruining themselves and their creditors, I am confident that a sufficiency must be realized, from the New York debt, to pay all their claims. But this I fear cannot be. A remedy, consequently, has been suggested, by the issue of State scrip, to cover their demands, redeemable by the fund commissioners, so soon as enough is received from the bonds already sold. Greatly as I am opposed to such a measure, yet sooner than see the character of the State jeopardized, and so respectable and deserving a portion of my fellow citizens ruined, I would most cheerfully sanction it. But then let it be a last resort—when every other rational expedient has failed.[8]

---

[8] Two bills were introduced for the "relief of contractors"; one apparently called for the issuance of treasury notes, the other for the issuance of bank notes. Newspaper editors had been presenting their views on the subject of relief measures for several months before the discussion was transferred to the legislative halls. After considerable debate the bill providing for treasury notes prevailed and became a law on February 15, 1840, without the approval of the Governor, he having retained it in his possession more than six days.

The notes were to be issued in denominations of $5.00 and $50, the total amount not to exceed $1,500,000; the $5.00 notes could be redeemed in one year, the $50 ones in two years, with interest at 6 per cent. Both were receivable for tax purposes. They were to be paid to those contractors on the public works who were willing to suspend further operations on their contracts. A proviso was inserted that if the Fund Commissioners should be able to procure money to pay the contractors by other means, the notes should not be issued. *Laws of Indiana,* 1839-40 (general), pp. 17-21. There were protests against passage of the bill in both the House and Senate.

Senator James H. Cravens said the issuance of treasury notes would be a violation of the United States Constitution which forbade a state to "emit bills of credit," and went on to cite various court decisions further defining this provision of the Constitution. He felt that the sad experience that the colonies had gone through in issuing paper currency should be a sufficient warning. As an alternative, Cravens suggested that the State Auditor issue certificates for work performed; these would not pass as money and therefore would be constitutional. Although no statement has been found as to why the Governor withheld his signature from the bill, it was probably because he considered it unconstitutional.

Senator Thomas D. Baird of St. Joseph County objected to the bill on the grounds of expediency; he could see nothing in it less than the prostration of the credit of the state, and the ruin not only of the honest and suffering contractor, but also of the laborer and farmer. According to his reasoning, to accept the treasury notes for taxes would mean that tax money would not be available to pay the interest due on internal improvement loans; if the state could not pay the interest, its credit would be destroyed, then it would be impossible to borrow additional

But questions equally as grave and important are yet behind. What shall be done with the public works? Shall they be abandoned altogether? I hope not. In my opinion, the policy of the State, in the present emergency, should be, first, to provide against the dilapidation of those portions of the works left in an unfinished state; and, secondly, as means can be procured, to finish some entirely, and complete others, at least, to points where they may be rendered available or useful to the country. By the observance of this policy, it is evident, that the millions already expended would be saved; some of the works completed; and the rest placed in a condition to be taken up and prosecuted at any time hereafter, as the people may direct.[9]

By the internal improvement bill of 1836, ten millions of dollars were appropriated to carry on the several works embraced in the system. With an eye to this fact, and, on the supposition that the expenditures shall not exceed the appropriation, I procured from the chief engineer, the following table, showing how much of the works respectively may be completed, the value of work done, and the amount still necessary to be done, to advance them to certain points. It may, however, be proper to remark, that all the calculations in the table, have been based on the ground that the whole of the present expenditures are to be saved: [See table on pages 334-35]

From this table we learn, first, that only $4,885,809 of the ten million appropriation, have, as yet, been expended, leaving upwards of five millions still to be applied; and secondly, that by expending about ten and a half millions of dollars, the White

---

funds to complete the public works to a point where they would be productive; and if this could not be done, the entire state would suffer. He claimed that other measures had been introduced which would have given effectual relief not only to contractors but to the community at large, but because they came from the minority party, they were rejected. *House Journal,* 1839-40, pp. 274-76, 277-78, 291-92; *Senate Journal,* 1839-40, pp. 50-51, 315-23; Indianapolis *Indiana Journal,* September 28, October 12, 25, 1839; February 20, 1840; Terre Haute *Wabash Enquirer,* January 15, February 9, 1840.

For some of the problems presented in carrying out the provisions of the act, see Noble's circular of March 23, 1840, below.

[9] Efforts to define the future policy of the state regarding internal improvements failed of enactment.

Water canal, the Madison and Indianapolis Rail Road, the Wabash and Erie canal to Covington, the Southern end of the Central canal to White River, the Northern end of the same canal beyond Andersontown, and the Michigan and Erie canal from Fort Wayne to the Summit level, may all be completed; besides placing the other works in a condition to be prosecuted, from time to time, as the means of the State and the wishes of the people may authorize. If we separate the Wabash and Erie canal from the mouth of Tippecanoe to Terre Haute from the system proper, as being an independent work, provided for by the donation of land from Congress, the ten and a half millions may then be made to complete, in addition to the works named, nearly the whole of the Northern end of the Central canal, from Martinsville to the Wabash river.

It is not for me to dictate to you the course you are to pursue in the present emergency. You come fresh from the people, doubtlessly prepared to represent their views and feelings, and to give shape and vitality to the future policy of the State. To do this you have the power; and, in consequence of the suspension of operations upon all the public works, duty will imperiously compel you to act. To the result, therefore, of your deliberations, I shall look with no ordinary interest; for I stand pledged to the people, to be governed in my action by their will and pleasure, as they may see fit to express it, through a majority of both branches of the Legislature. Hence, in all things involving no constitutional objections, you may expect my ready concurrence, save one: I can consent to no measure that would either destroy the credit, or impeach the integrity and honor of the State.

For a full and satisfactory exposition of the operations of the Board of Internal Improvement, under the modification law of last winter, I beg leave to refer you to their and the Engineer's reports.[10]

It appears that the expenses of the Board, and Engineer department, are less this year by 15,000 dollars, than they were last, a result attributable, of right, to the same law.

---

[10] The report of the Internal Improvement Board is printed below, 355-75.

Names of the Works	Length in miles.	Total cost—dollars.	Estimated value of work done.	Work to be done.
White Water canal, from Ohio river to National road	69.40	1,557,720	966,856	590,865
Central canal from Fort Royal to junction with the Killbuck summit 10 miles north of Andersontown	78.22	1,294,754	706,874	587,880
Central canal from Evansville to first feeder from White river, in Greene county	93.20	1,922,930	466,382	1,456,548
Erie and Mich. canal from Ft. Wayne, to the middle fork reservoir, near N. line of Noble co.	50.00	100,000	65,476	934,524
Cross-cut canal from Eel River dam to Terre Haute, to make the water power available without lock	25.50	427,917	336,825	91,092
Madison and Indianapolis rail road complete	85.86	2,150,000	1,095,888	1,054,112
Road from New Albany to Mt. Pleasant, M'Adamized to Paoli, and only graded and bridged thence to Mt. Pleasant	68.37	662,295	573,106	89,189
Road from Jeffersonville to Salem, via New Albany, grading and bridging only	37.64	320,891	251,563	69,328
Road from Lafayette to Crawfordsville, grading and bridging	26.87	87,737	56,144	31,593

Road from Crawfordsville to Greencastle, grad. and bridging	27.85	119,665	55,944	63,721
Improvement of Wabash Rapids, made jointly by Illinois and Indiana, whole cost, 185,000—one half of which is		92,500	10,000	82,500
	562.91	9,636,410	4,585,058	5,051,352
Wabash canal from Tippecanoe to Lafayette	14.36	297,118	266,541	30,577
Wabash canal from Lafayette to Covington	40.00	500,000	34,210	465,790
	617.27	10,433,528	4,885,809	5,547,719
Wabash and Erie canal from Ohio state line to Tippecanoe	129.74	4,847,010	1,708,979	138,031
	747.01	12,280,538 [15,280,538]	6,594,078 [6,594,788]	5,685,750

The tolls collected on the Madison and Indianapolis Rail Road, for the six months it has been in operation, amount to eight thousand four hundred and seventy dollars; on the White Water canal, six hundred and twenty dollars; and on the Wabash and Erie canal, four thousand two hundred and forty-eight dollars. With regard to the latter work, it is greatly to be regretted, that Ohio has been so tardy in pushing forward that portion of it, lying within her territory. The yearly loss to Indiana in consequence, is very considerable. We shall have, by expending some one hundred and sixty-eight thousand dollars more, one hundred and forty-four miles of this work completed, every foot of which, however, must remain in a manner idle—almost valueless, until we shall be enabled to communicate with Lake Erie. A knowledge of these facts, it seems to me, would tend much to stimulate Ohio to greater exertions in our behalf; and, more especially, when by doing so, she would, at once, render the whole of Central Indiana tributary to her.[11]

---

[11] A joint resolution was passed making it the duty of the chief engineer to visit the Ohio capital and urge upon the officials the importance and necessity of a speedy completion of the canal east of the Indiana state line. In the letter which Williams addressed to Governor Wilson Shannon, he pointed out that Indiana would have her portion of the canal completed to Lafayette, a distance of 144 miles by October, 1840, and that her investment of over two million dollars in the canal would remain unproductive until the Ohio portion was open. He estimated the aggregate trade of the area through which the canal passed at 150,000 tons, two thirds of which would be transported on the canal, and then went on to calculate that Ohio's share of the tolls would amount to $175,000 annually. The resolution and correspondence are in the *Senate Journal,* 1839-40, pp. 425-33, and in *Documentary Journal,* 1839-40, House Doc. 35, pp. 291-98.

By act of March 16, 1839, the Ohio General Assembly had authorized their canal fund commissioners to borrow $700,000 toward completion of the Ohio portion of the Wabash and Erie Canal. Additional amounts of $150,000 and $400,000 were authorized in 1840 and 1841. After the visit of Engineer Williams, a joint resolution was also passed by the Ohio legislature in which they reviewed the various compacts between the Federal government and the states of Indiana and Ohio regarding construction of the canal. By the agreement ratified by Ohio in 1834, she had agreed to construct her portion of the canal at least forty feet wide and four feet deep and have it completed by March, 1847. Realizing Indiana's interest in as early a completion as possible, the resolu-

By a special act of the last Legislature, the Governor was authorized to appoint one or more agents to assist him in making further selections of land claimed by the State for the continuation of the Wabash and Erie canal, from the mouth of Tippecanoe river to Terre Haute. In the exercise of this authority, I appointed John Vawter of Jennings, Johnson Watts of Dearborn, William Elliott of Wayne, and A. W. Morris of Marion as such agents. These gentlemen in the early part of the season, proceeded to discharge the duties assigned them and selected lands to the amount of two hundred and twenty thousand nine hundred and eighty nine acres, lying in the counties of Porter, Lake, Jasper, Noble, Kosciusko, Fulton, Marshall, Miami, and in the great Miami Reservation. The tract books and selections will in due time be laid before you giving a detailed description of the lands, the quality and rate, the valuation of each tract, and the names of the settlers.—I have, also, as required by the act of Congress, reported the same to the Secretary of the Treasury of the United States.[12]

The selection which I made last year of seventy-three thousand seven hundred and ten acres, had the effect of bringing the authorities of the General Government to the necessity of adopting some definite course of action in relation to them. The Attorney General, and the Commissioner of the general Land office, decided in favor of the State's claim; the solicitor of the Treasury against it. This conflict of opinion, amongst his legal advisers, I presume, induced the President of the United States to refer the question over to Congress. But this step was taken at so late a period of the session as to preclude the hope of obtaining a decision from that body before the adjournment; the whole subject, therefore

---

tion urged the Ohio board of public works to give it top priority. Ohio *Acts*, 1838-39 (general), pp. 68-70; 1839-40 (general), pp. 81-83; 1840-41 (general), pp. 46-48; (local), pp. 200-2. Governor Bigger addressed a letter similar to that of Williams to the Governor of Ohio on March 7, 1841. Correspondence of Ohio Governors, in Ohio Historical Society Library. The canal was not opened to Lake Erie until three and a half years later, on July 4, 1843. Esarey, *History of Indiana*, 1:408.

[12] Not found.

will, as a matter of course, come up before the present Congress among the unfinished business of the last.[13]

To say that we have, or feel, no interest in the result of this decision would very properly subject us to the charge of great want of candor. The condition of the State is such that property so immensely valuable cannot well be treated with indifference; because it would tend greatly to diminish the burthens of the people, and to further these laudable designs of improvement so necessary to a complete developement of all our resources. And when it is considered that the policy of the State alone, in the prosecution of so many works, has, more than any thing else, contributed to enhance the value of the public domain, and to induce the sale of millions of acres that otherwise would have remained among the refuse lands of the Government for a quarter of a century hence, a ratification of this claim by Congress cannot, I think, be viewed in any other light than an act of sheer justice to Indiana.

In the event that the lands, thus selected, should be confirmed to the State by Congress, in time for your action, I have then to renew in behalf of the worthy and enterprising settlers upon them the recommendation, that they have the exclusive privilege of purchasing them at the minimum price to be fixed by the Legislature; or, on failure of that, that some just provision be made to compensate them for their improvements.[14]

[13] A joint resolution was passed requesting Indiana's representatives and instructing her senators in Congress to use all means in their power to procure a favorable decision on the subject of granting lands for the extension of the Wabash and Erie Canal to Terre Haute. The committee on roads and canals of the United States Senate reported a bill to confirm to Indiana the lands selected, but it was not passed until the following session. The report of the Congressional committee is printed in the *Documentary Journal,* 1839-40, Senate Doc. No. 17. See above, 144-46, 243-44, for earlier correspondence concerning this claim.

[14] According to an act passed at this session, persons who had squatted on these lands were entitled to the actual cash value of any improvements they had made. If the squatter became the purchaser of the land at a price higher than the minimum price, he would be entitled to a credit on the purchase to the amount of his improvements. If a person other than the squatter purchased the land, he must pay the squatter for his improvements as well as the state for the land. *Laws of Indiana,* 1839-40 (general), pp. 30-32.

Since 1834 and up to the first of September 1838, the people have purchased in Indiana, 6,961,573 acres of land: for which they have paid into the coffers of the General Government not less than 8,701,966 dollars—an enormous sum certainly—one scarcely to be credited—and but for the authenticated reports of the commissioner of the General Land Office, might well be questioned. During the same period, there have been brought into the State and expended for internal improvement purposes, a little rising five million of dollars—three million less than the amount paid out for land. My object in stating these facts is, simply, to show the people where their money has gone to; and why it is that we hear from every quarter of the State the cry of its exceeding great scarcity. The truth is, Indiana has been contributing to the support of the General Government, for the last four years, at the ruinous rate of two millions of dollars a year; and what returns has she had for it, and for the millions paid before?[15] A refusal to make an appropriation on the Cumberland Road; a veto of the Wabash appropriation bill; a veto of the land bill, which according to the estimate furnished to Congress, by Mr. Whitcomb the commissioner of the General land office, in January last, would have yielded to the state up to the 30th of September, 1838, 2,646,744 dollars, enough to have enabled her to prosecute our public works, without harrassing the people, or bending them down under weight of the oppressive taxation. And now that circumstances have changed; that the wants and necessities of the people are such as to call loudly for relief; and with a view to obtain it for them, and to diminish their taxes in future, I respectfully recommend that our Senators be instructed and our Representatives requested to use every honorable exertion to procure from Congress, the passage of a bill distributing the proceeds of the sales of the public lands among the several states, according to the principles of the bill which recently passed both Houses of Congress on that subject.[16]

---

[15] The select committee of the House, Democratically controlled, in considering this part of the message, took strong exception to the argument expressed here by the Governor. See below, 393-99.

[16] The reference is apparently to President Jackson's pocket veto in 1834 of Clay's bill for the distribution to the states of the proceeds of

I have before intimated that the financial concerns of the country are, at this time, in a condition to excite universal anxiety and alarm. A sudden blight has come over our prospects; the active and enterprising are discouraged; and the abundant products of the soil seem to have been gathered in vain. Our true policy, without doubt is to aim at remedies for these disastrous results rather than to enquire curiously for their causes; yet, we may briefly hint at some of those which have contributed to our difficulties. The gold bill for a time occasioned an unnatural importation of specie, not in the usual way of trade, and its reflux seems to be leaving us bare. Local Banks have been too much encouraged at one time and oppressed at another. As the tariff on foreign merchandise has decreased, importations have been made to the injury of home manufacturers, and more than the country can well pay. There have been perhaps, less industry and economy amongst us than there should have been, and more

the sales of public lands. Clay's plan and the one advocated by Senator Calhoun, which would give the public lands to the states, had come up for discussion again in Congress in connection with the debate on a bill to graduate the price of public lands. *Congressional Globe,* 25 Congress, 3 session, 130; Appendix, 95-97, 350.

The ways and means committee of the Senate, to whom was referred this part of the Governor's message, reported that much as they might have desired to see Clay's bill pass, they felt it was a subject that our senators and representatives in Congress well understood, and that it would be attended with no good consequence to memorialize on the subject. They asked that the matter be referred to the select committee of the Indiana Senate to whom Mr. Calhoun's bill had been referred. *Senate Journal,* 1839-40, p. 245.

The latter committee failed to agree and presented two reports. The Whigs were in a majority and in their report attempted to prove why Calhoun's plan was not the best measure for Indiana; instead, they wanted Indiana's representatives to urge a distribution of the proceeds of the public lands among the several states in proportion to their population, first allowing the states in which the lands lay 12½ per cent of the amount sold within their borders. The minority report by the Democrats expressed the opinion that the majority listed a lot of evils that would arise from the adoption of Calhoun's bill for which there was no basis. They pictured Clay's bill as a "nefarious attempt to bribe the people . . . to the destruction of their blessed institutions, to trample their constitution under foot, and to bow to the Baal of a splendid central government." *Documentary Journal,* 1839-40, Senate Docs. Nos. 21, 24.

speculation in lands and lots than policy would justify. Each one for himself must now see where he has been in error, and few, it is hoped, are so situated that they cannot do much to extricate themselves. But something also is looked for on the part of public functionaries. By an encouraging tone, by maintaining what is right and correcting what is wrong, by forgetting petty and personal contests and aiming to maintain at all hazards the credit and interests of the State, proper feelings and spirit will be kept up amongst our citizens.

The medium of circulation now used in most if not all the civilized countries with which we have intercourse is composed of specie and paper, and, in reference to this, property has been valued, agreements made, and debts contracted; we cannot therefore deal with other states and countries on equal terms, unless we have a medium of circulation much like theirs in value. Fluctuations in these matters are perhaps not to be avoided. Yet legislation should aim at as much uniformity as possible, or, debts contracted in one medium may be collected in another of far more value.

It would seem, then, to be our duty and interest to sustain by all fair means our institutions. If, however, abuses are alleged to exist, let them be examined and corrected. If any of those who manage them have lost the confidence of the people, let their places be supplied by others; and if any injurious apprehensions prevail, let them be explained.[17] If when these are done, the community, generally, can be satisfied, our capital connected with credit may perform its functions as heretofore. But if no confidence can be felt that banks will be safely and prudently managed; if they must be so restricted, as to lose the power of being useful; if a predominant party is seriously bent on destroying them; it is better to give them up at once, than contend for preserving them after they have lost their value. But before this be effected, it may be well enough to inquire whether the ruin of the present generation of business men and the depreciation of all property and labor to a sixth of their present prices, will not prepare community for wilder extravagancies than have as yet been attempted.

---

[17] The conduct of the Fund Commissioners and of Dr. Isaac Coe, in particular, came under the surveillance of the General Assembly. *Senate Journal,* 1839-40, pp. 40, 44, 61. The Fund Commissioners made a number of explanatory reports regarding their business transactions. These are printed in the *Documentary Journal* for this session. The judiciary committee of the House presented both a majority and a minority report on the liability of the Fund Commissioners and the president of the State Bank for bonds sold to irresponsible people. *House Journal,* 1839-40, pp. 272-74, 303-5.

The state has thus far failed to realize the advantages, which were expected to be derived, from the addition to the bank stock authorized at the last session. A contract was made, however, in April last, with the Morris canal and Banking company, for the sale of a million of dollars, in State bonds, to be paid for in ten monthly instalments, commencing the first of September last, which, when paid, were to be applied to the increase of the State stock in the bank. But that company gave notice, in August, that owing to there being no demand for State bonds, at any thing like fair prices, the instalments could not be paid; and, under the circumstances, an arrangement was made to return one half of the bonds, and indemnify the State, and secure the payment of the other half in ten annual instalments. For particulars, I refer you to the report of the President of the State bank who conducted the negotiations.[18]

The condition of the State bank appears to be healthy. On the 31st of October last, her assets amounted to six millions two hundred and forty thousand three hundred and twenty-eight dollars and 25 cents, and her liabilities, to 3,493,042 dollars and 60 cents; showing an excess of ultimate assets, over and above all ultimate liabilities, except to the State and the other stockholders of 2,747,285 and 65 cents; at the same date she had in her vaults, 1,021,490 dollars and 18 cents in specie, and 3,124,497 dollars in circulation.[19]

The measure of total suspension, recently adopted by the banks of Pennsylvania, Maryland and other states, I am happy to say, has not been followed by the State bank of Indiana. The board of directors, at their late meeting, refused to authorize it; but, very properly, left the question open to be hereafter determined according to the emergency of the moment, by the people themselves in the several bank districts.

---

[18] See Merrill's report, January 8, 1840, printed below.

[19] For the annual report of the State Bank, see above.

Complaints, and I fear with but too much justice, are constantly being made, by the people living in counties adjoining those in which the several branches of the bank are located. They seem to think that an equal participation in the benefits of these institutions is denied them, from the fact, that by far the greater portion of their funds are loaned to individuals residing immediately in their vicinity. This species of favoritism, if it does exist, ought by all means to be avoided in future, or some decisive measure should be taken to prevent a repetition. The bank is as well a State as a private concern; one, in which the people are stockholders to an amount, nearly equal to that held by individuals. The advantages, therefore, if there are any, should be distributed among them as equally as the nature of the surrounding circumstances will permit.[20]

At the request of Doctor Wylie, President of the University at Bloomington, against whom, it will be remembered, charges of mal conduct, in the administration of the affairs of that institution had been preferred, and widely circulated through the medium of newspapers and other channels, a meeting of the board of trustees was called, which I attended, in the month of April last. At this meeting the board entered into quite a labored and patient examination of all the charges, which resulted in the entire acquittal of the accused by the unanimous vote of the members present. Indeed the testimony so far from implicating President Wylie in the smallest degree triumphantly vindicated his conduct throughout, and placed him in point of firmness and integrity as an officer, on higher ground, than the malice or envy of foes had before permitted him to occupy. I regret to say, however, that a majority of the board, after mature consideration, deemed it essential to the peace, harmony, and prosperity of the University, to vacate three of the Professorships; two of these are still vacant—one having been filled, as I have since been informed, at the September session of the board of trustees.[21]

---

[20] The House of Representatives appointed a committee to investigate this and other complaints against the bank. Their report and Merrill's defense of the bank appear in the *House Journal,* 1839-40, pp. 495-627. See also *Documentary Journal,* 1839-40, Senate Doc. No. 25, pp. 283-90.

The subject of education is one of paramount interest, and merits the first and last consideration of an American legislator. Heretofore, preparatory steps only, have been taken to bring about the establishment of the common school system in Indiana. The newness of the country, the sparseness of the population, and the demand for all the time and labor of the settler to prepare him a comfortable home, have, thus far, forbid any successful attempt toward accomplishing this desirable object. But the period has at length arrived when this field may be advantageously occupied; when the wants and circumstances of a vast majority of the people, are such as to justify, and even require immediate action. If we take the census of 1830 as a criterion, we have within the limits of the state about 272,000 minors over the age of five, and under the ages of eighteen and twenty-one years. This number, we know, is constantly and rapidly increasing, by means of immigration, and with it, as a matter of course, the necessity of devising some speedy and efficient plan to ensure instruction to them all.

To effect this object, the creation of a board of public instruction would probably be the most successful,—a board whose duty it should be to superintend the establishment of schools in every county; to see that the funds are carefully husbanded and equitably distributed; to provide competent teachers; and by public addresses, or otherwise, to wake up and encourage the people to lend a helping and sustaining hand in forwarding so noble an undertaking.

---

[21] By a resolution of the Senate, with the House concurring, a joint commission of two from the Senate and three from the House were to be appointed by the presiding officers of those houses, and given power to send for persons and papers in order to inquire into the condition of the university. They were to report their findings to the next session of the legislature. *Senate Journal,* 1839-40, p. 165; *House Journal,* 1839-40, pp. 337-38. A committee of the trustees made a report to the legislative committee on May 20, 1840, in which they sketched the legislative provisions for the Vincennes and Indiana universities and the land grants made to each. President Wylie reported to the same committee on September 25, 1840, as to the causes of decline in the number of students at Indiana University. *Documentary Journal,* 1840-41, House Doc. No. 31, pp. 389-402; Senate Doc. No. 10, pp. 173-86.

That we have abundant means already provided, with which to operate successfully and profitably on this plan, cannot, I think, be rationally denied. According to the very able and interesting report of Judge Kinney, prepared with great care and labor, as chairman of the committee on education, of the last house of representatives, we will have by 1850, in the saline fund, the tax on bank stock, the surplus revenue, the reserved sixteenth sections of land, the sinking fund or bank stock, the unsold saline lands, the lands returned as delinquent to the school commissioners, a capital rising four millions of dollars—two millions of which are now within the absolute control, and may be applied at any moment, by the legislature. The latter sum, therefore, judiciously invested, may be made productive of a revenue of at least one hundred and fifty thousand dollars per annum; enough certainly to answer present purposes, and to ensure a safe and prosperous beginning.[22]

One of the great difficulties we have at present to encounter, is the scarcity of competent and qualified school teachers. To remedy which, a scheme something like this has been suggested; namely, to authorize a separate department in the State University, under the control of its president, devoted exclusively to preparing and qualifying young men for the duties of professional teachers. To the attainment of this object, the proceeds of the saline fund, amounting to some two thousand dollars per annum, might be profitably applied. This would enable the state to provide that the necessary books and tuition should be furnished free of expense, and that each county should be entitled to send one or more of their most deserving and promising young men. Imperfect as is this skeleton of the plan proposed, still, I flatter myself, that it will be sufficient to direct your attention to the subject, and to call from your more matured and deliberate consideration a better.[23]

---

[22] Various resolutions were introduced and reports made concerning educational matters but no legislation was enacted at this session. The education committee of the House of Representatives made a lengthy report in which they pointed out that information was not at hand at this time to revise the school law; e.g., they did not know the extent and condition of the school funds, the number of schools in existence, nor the number of pupils. School funds were not sufficient to defray the entire expense of common schools, nor did they consider it desirable that they should do so; part of the expense should be borne by taxation. The committee presented a bill intended to lay the foundation for a later revision and improvement of the school system, but no action was taken on it. *House Journal,* 1839-40, pp. 389-96.

On the subject of the state prison, I feel it my duty to remark, that a change, or improvement of some kind, in its present system of police, or government, is required to make it what it ought to be—in fact what it claims to be—a place both of punishment and reformation. If I mistake not, no steps have as yet been taken to provide the convicts even with the means of religious instruction—an omission, certainly, most fatal to the prospect of ever producing in them that radical and permanent reform, necessary to accomplish one of the chief designs of the institution. I would, therefore, respectfully recommend the appointment of a chaplain to the prison, who should receive a reasonable salary for his services. For particulars in regard to the manner in which the convicts are treated, as well as to the general police of the prison, I refer you to the accompanying reports of C. F. Clarkson, Esq., herewith submitted, the visitor appointed by the executive agreeably to law.[24]

---

[23] The president of the board of trustees of Indiana University presented a memorial to the legislature, asking for an appropriation from the saline funds to endow a separate professorship for the training of teachers of the common schools. No action was taken on it. *Senate Journal,* 1839-40, pp. 453-55.

[24] Clarkson's reports have not been found. The superintendents, Patterson and Hensley, supplied a statistical report on the prisoners, crimes committed, etc., which was printed as No. 24 of House Docs., *Documentary Journal,* 1839-40. The committee of the House to whom these various communications were referred reported that from the information they could gather, the prison was under very bad management; the living quarters were filthy, provisions bad, the sick uncared for; there was no regular system of discipline and sometimes the punishment was very severe. Nothing was being done for the improvement of the convicts either in the way of ordinary education or in moral and religious instruction. Indiana's method of leasing out the prison was considered one of the most ill-advised and pernicious in use in the United States, and the committee asked that it be discontinued. *House Journal,*

Since the adjournment of the legislature, I have received from the secretary of the treasury of the United States, the set of standard weights, authorised by congress, and designed for the use of Indiana. To ensure to every county the benefit of these, some legislation will be required at your hands. What this shall be, your own good sense and intelligence will readily enough suggest.[25]

In consequence of receiving the appointment of United States geologist, David Dale Owen, Esq., who, for the last two years has been acting in that capacity for the state, declined the acceptance of a reappointment when tendered to him. These circumstances occurred so late in the season as to prevent, in my opinion, the selection of an individual equally prepared and competent, in time to enter upon the discharge of the duties required of him, with any hope of adequate profit or advantage to the community at large. The law too, creating the office, will shortly expire, which will devolve upon you the duty of either continuing or abolishing it altogether.[26]

1839-40, pp. 833-34. No changes were made in the administration of the prison at this session.

[25] In order that a uniform standard of weights and measures might be established throughout the United States, the Secretary of the Treasury was authorized by joint resolution of June 14, 1836, to have a complete set of all weights and measures, that had been adopted as standard, sent to each of the state governors. The set consisted of the following weights: one lb. troy, one to five lb. avoirdupois, and 10, 20, 25, and 50 lb. avoirdupois. The first eight were packed in one box, the last two in another, and then the two containers fitted into a third for transportation. Being very delicate instruments, the inner boxes were lined with velvet, and the weights packed so as to prevent any vibration while en route. Instructions were enclosed about taking care of the weights. There is no indication in the instructions or correspondence that Congress expected the state to reproduce the set so that each county would have one. *Senate Documents,* 25 Congress, 2 session, Vol. 6, No. 500.

The select committee of the Senate, to whom this portion of the message was referred, reported that they were unable to form an opinion as to the amount it would cost the state to have a set of the weights made and delivered to each of the counties, and therefore advised that the cost be determined before any legislation was enacted on the subject. *Senate Journal,* 1839-40, p. 346. In the House a resolution was introduced requesting the judiciary committee to report a bill for the adoption and general use of the weights, but apparently none was introduced. *House Journal,* 1839-40, p. 417.

[26] The act of February 6, 1837, providing for a geological survey of

Every year furnishes fresh developements of the mineral resources of the state; and the enterprise of our citizens is rapidly drawing from them the means of increasing their wealth and capital. Within the last year, in addition to the Mishawaka establishments, works have been erected at Rochester in Fulton county, where bar iron of the first quality has been successfully manufactured; and ore abstracted from mines apparently inexhaustible, and certainly of the richest kind. We may, therefore, look to St. Joseph and Fulton counties as being able, by proper encouragement, in a short time, to supply a good portion of Indiana with the indispensable articles of iron and castings.

The period for again taking the census of the state, with a view to another apportionment of senators and representatives, having arrived, your attention to the subject is respectfully solicited.

I take pleasure in laying before you, according to request, joint resolutions of the legislatures of Maine, New Jersey, North Carolina, and Missouri, on the subject of the public domain;[27] also

---

the state, expired at the close of the year 1838; a second act, dated February 16, 1839, extended the survey for a year. David Dale Owen, of New Harmony, had been appointed to make the survey in March of 1837 and 1838, and then in June, 1839. Record of Executive Commissions, 1837-1845, p. 650, in the Archives Division. The House committee on ways and means considered it unnecessary to repeal the law of 1839 inasmuch as it would expire on February 18, 1840. *House Journal,* 1839-40, p. 228. The Indianapolis *Indiana Democrat* (December 12, 1839) accused the Governor of deliberately delaying Owen's reappointment until June in order to give him time to accept another position, which he did. This delay was believed to be due to the fact that the geologist was a brother of Robert Dale Owen, a prominent Democrat. However, the latter refused to believe this. Robert Dale Owen to M. R. Southard, December 12, 1839, in Southard Papers, Indiana State Library.

[27] The North Carolina resolutions mentioned here were no doubt similar to those received a year later which expressed the feelings of the older states regarding the public domain. They held that each state possessed an interest in the public domain in proportion to its population, and any move made by Congress to distribute the proceeds received from the sale of public lands on any basis other than that of population should be condemned. North Carolina *Laws,* 1840-41 (local), pp. 105-6. The Missouri resolutions, on the other hand, were expressive of the feelings of the western states which would benefit very little from a dis-

joint resolutions of the state of Ohio, on the Maine boundary question;[28] and also, a communication from his excellency the governor of New York, transmitting a law of that state, entitled "an act to authorize the arrest and detention of fugitives from justice from other states and territories of the United States," which I recommend to your special consideration. In addition to the foregoing, I submit to you the resolutions of the legislature of Kentucky, responsive to those passed by the legislature of Indiana, at the last session, on the subject of slavery.

The defeat of the Cumberland road bill in Congress, at the last session, caused great dissatisfaction among the people both of Indiana and Illinois. For the purpose of expressing their chagrin and disappointment at this result, and of adopting measures in relation to the further prosecution of the road, a convention of delegates from these states and Ohio, assembled at Terre Haute on the eighth and ninth of July. A copy of the proceedings of this body has been furnished me by the president, and I most

---

tribution of proceeds on the basis of population. They believed a reduction in the price of public lands, or a graduation in price according to their value, was absolutely necessary if the new states were to attract emigrants. They also deprecated the attempts being made to connect the land question with party politics. Missouri *Laws,* 1838-39, pp. 341-42.

A year later the Governor of Indiana received resolutions from Kentucky on the same subject. They were similar to those of North Carolina so far as the distribution of proceeds from land sales was concerned and dissented with any proposal to cede the public lands to the states wherein they lay.

The Indiana General Assembly took no action on the resolutions.

[28] The northeastern boundary line of the United States and Canada as set out by the Treaty of Paris in 1783 was vague and remained in doubt despite various efforts to establish it. Residents of Maine had precipitated a border conflict early in 1839, known as the Aroostook War. The line was finally established peacefully in 1842 by the Webster-Ashburton Treaty.

The Indiana legislature passed a joint resolution concurring in the Ohio resolution which approved of the prompt and energetic action taken by the authorities of Maine to protect their rights and the honor of their state and the United States, and gave their full and hearty assent to the act giving the President ample power and means to protect the United States from the calamities of war. Should war come, they tendered their means and resources to the Union. *Laws of Indiana,* 1839-40 (local), pp. 249-50; *Senate Journal,* 1839-40, pp. 341-42.

cheerfully comply with the request contained in one of the resolutions, and submit the same to the consideration of the legislature.[29]

The improvement of the navigation, and particularly the removal of the obstructions at the falls of the Wabash river, continues deservedly to enlist the feelings and interests of the people of that rich and fertile valley. The tardiness with which operations have been carried on there, receives their marked disapprobation, and gave rise to a very spirited convention at Vincennes, in which all the counties interested were generally represented. I regret that it is not in my power, officially, to lay before you the result of their deliberations, as a copy of their proceedings, has not yet been furnished me. I hope, however, to have that pleasure before your adjournment.[30]

[29] The proceedings of the convention were printed at Terre Haute by J. & T. Dowling. The select committee of the House of Representatives, to whom this portion of the message was referred, reported that they considered the Cumberland Road as a national work and that Congress was obligated to carry it through to its final completion. Small appropriations and the lateness of the season when they were made available were contributing causes to the delay in construction, while the appointment of an unnecessary number of officers, such as engineers, clerks, and the like, and the construction of large and expensive bridges, as well as indecisive and poor planning and management, had greatly increased the estimated cost. In the memorial address to Congress by the legislature, attention was called to the dilapidated condition of the road; a prompt and early appropriation was urged and a reform in the mode and manner of operation. *House Journal,* 1839-40, pp. 307-11; *Laws of Indiana,* 1839-40 (local), pp. 255-56. The last Federal appropriation for the road was made in 1838; in the 1840's it was turned over to the states through which it passed for completion and upkeep. Indiana, in turn, leased sections of it to private companies.

[30] The proceedings of the convention, held October 24, were printed in the Vincennes *Western Sun & General Advertiser,* November 9, 1839. The various steps taken over the years for the improvement of navigation on the Wabash River were traced together with the appropriations made by Indiana and Illinois toward the project and the amount actually expended, Congress having turned a deaf ear to request after request for help. Statistics were given on the amount of shipping to show the importance of the river to the economy of the state. Before adjourning, the convention requested the legislatures of Indiana and Illinois to have a survey and estimate made of the probable cost of removal of obstructions from Delphi to the grand rapids; also requested was an explanation of why appropriations that had been made toward the improvement

The importance of the harbor of Michigan City, and the extent of the commerce of northern Indiana cannot, perhaps, be better exemplified, than by giving you a statement of the business transacted at that point, during the past year. There have been, it seems, four hundred and twenty-three arrivals and departures of vessels of various descriptions, there have been shipped 272,400 bushels of grain, and 10,368 barrels of flour, besides large amounts of pork, and other articles, of which no exact account has been kept. During the same period, there have been unshipped at the same place 1,850 tons of merchandize, valued at 750,000 dollars, and 9,000 barrels of salt. In addition to all this, the necessity of improving the harbor as speedily as possible, is strongly demonstrated from the fact that within the three weeks, next preceding the 23rd of November, ten vessels have been stranded in its vicinity, and the cargoes of some of them, consisting of wheat and flour, entirely lost to the owners. On this account, perhaps, it would be well enough to urge the attention of Congress to the subject, and to request a sufficient appropriation to render the harbor at once a safe and fit receptacle for the shipping of the lake.[31]

Before closing this communication, I hope I shall be pardoned for again alluding to the pecuniary distresses of our fellow citizens. A remedy of some kind is called for—is absolutely necessary—if not to relieve, at least to protect their property from the most appalling sacrifices. The suspension of the public works, and the large arrearages due to contractors and the banks, which the State has thus far failed to discharge, will, unless some scheme

---

of navigation had been withheld. Very little was accomplished in 1839 toward the improvement of navigation on the river. See report in *Documentary Journal,* 1839-40, Senate Docs., pp. 75-86.

[31] A memorial and joint resolution of the legislature pointed out that from information received from Lieut. P. B. N. Stockton, superintendent of public works at Michigan City, some 1,700 feet of pier had been constructed on the east and west sides of Trail Creek with the $110,000 thus far appropriated by Congress toward construction of a harbor at Michigan City. Timber was on hand for building a breakwater and a dredging machine had been constructed. A further appropriation of $100,000 was requested of Congress to extend the piers and construct the breakwater. *Laws of Indiana,* 1839-40 (local), pp. 250-52.

of safety be devised, be the ruin of thousands. The people have been looking to these funds and the banks, as they had a right to, to furnish them with the requisite means of paying their debts and taxes. A doubt of the State's ability to meet her engagements punctually never, I suppose, entered their imaginations; or, perhaps, they would have displayed more caution in the extension of their obligations. But great as has been their disappointment, and desperate as appears their condition, yet in no instance—to their credit be it told—have we seen the slightest disposition manifested to have their property sheltered under the wing of stay or replevin laws. All they ask is, that it may, in the payment of their debts, bring, if not the full, at least a reasonable proportion of its value. And surely a fairer request could not well be made by one man of another. If loss is to [be] sustained, the debtor proposes to bear it; if profit accrues, he yields it to the creditor; and in no event does he ask the creditor to be the loser.

I hope, therefore, that all safe, correct, and constitutional expedients may be resorted to by you, to shield our fellow citizens from the dangers and losses which now appear to threaten them. Were their creditors disposed to be lenient, and give time, all would ultimately be safe. For time to them now is of incalculable value: they want time to economize; time to accommodate themselves to this sudden and unlooked for change of circumstances; time to settle and arrange their business; and time to convert their surplus produce into money. If they can be favored in this respect, I have no doubt of their ability, in one or two years, to disenthral themselves completely from the chief of their present embarrassments.[32]

DAVID WALLACE

INDIANAPOLIS, December 3, 1839

---

[32] The legislature gave a measure of relief to debtors by amending the act subjecting real and personal property to execution so as to give a stay of execution of twelve months on all judgments rendered by the courts for a period of one year following March 1, 1840. Persons taking advantage of this stay were required to procure one or more securities, and acknowledge themselves as bail for the payment of the judgment, and if they neglected or were unable to give bail, their property would be sold without delay. *Laws of Indiana,* 1839-40 (general), pp. 49-51.

Wallace to the Speaker of the House[1]

EXECUTIVE DEPARTMENT, December 4, 1839

HON JAMES G. READ, Speaker of the House of Representatives:

Herewith I return to the House of Representatives, a bill to incorporate the Harrison Insurance Company, which passed both Houses of the last General Assembly.[2] My objections to it are, first: that it contains no limitation, as to the amount of interest which the Company may exact; and, secondly, that there is no power reserved to the Legislature, to amend or annul it at any time hereafter. All of which I respectfully request may be submitted to the consideration of the House.[3]

DAVID WALLACE

Wallace: Appointment of Private Secretary[1]

HON. DAVID HILLIS, President of the Senate,

Joseph M. Moore is appointed private Secretary, and is authorized to make communications from this Department to the Senate.[2]

DAVID WALLACE

EXECUTIVE DEPARTMENT, Dec. 4th, 1839

The bill to abolish imprisonment for debt, which had failed to pass at the previous session of the General Assembly, was re-introduced but did not pass. Not until two years later was such a measure enacted. *Laws of Indiana*, 1841-42 (general), pp. 68-70.

---

[1] *House Journal*, 1839-40, pp. 36-37.

[2] According to Art. IV, Sec. 22 of the Constitution of 1816, if the Governor did not return a bill presented for his signature within five days, it would become a law without his signature; however, if the legislature should adjourn within this time, the Governor could return the bill within three days after the beginning of the following session; otherwise it would become a law.

[3] The committee on corporations, to whom the bill was referred upon its return to the House, recommended that it not pass. *House Journal*, 1839-40, pp. 17, 101.

---

[1] *Senate Journal*, 1839-40, p. 15.

[2] Moore, a cousin of James M. Ray, was later to edit *The Spirit of '76,* a campaign paper published in 1840 by the Indianapolis *Indiana*

Lucius H. Scott to President of the Senate[1]

OFFICE FUND COMMISSIONERS,
INDIANAPOLIS, Dec. 18, 1839.

HON. DAVID HILLIS, President of the Senate,

Sir—I have the honor herewith to transmit a copy of a letter from Milton Stapp, Esq., Fund Commissioner, in relation to the debts of the State—please lay it before the Senate.

Your obedient servant,

L. H. SCOTT, F. C.

[Enclosure]

NEW YORK, Dec. 11, 1839.

DEAR SIR— The outlines of a settlement with the Morris Canal and Banking Company is agreed upon, and Mr. Biddle and myself go to Philadelphia to night to try and consummate the agreement. He has to get from the United States Bank $100,000 of Beers' certificate of deposite, in order to consummate the matter; this he thinks he can do. He gives me Beers' certificate of deposite; due 1st January next $50,000; due 1st July next, $50,000; due 1st January 1841, $196,000. He gives me Morris Canal and Banking Company Post Notes for half the balance of the principal due in equal payments 1st April, July, Oct. 1841, and January 1842. For the balance he gives Morris Canal and Banking Company notes due 1st January, March, May, July, September, and November, 1841; which may be renewed twelve months by giving farther security, provided stocks will not then sell at a fair rate. He gives their post-notes for the interest due in January and July each year, until the whole is paid. He gives me divers stocks for security. I do not think the security entirely ample, but it is the best that can be done. I think Mr. Merrill and they will settle.

Very respectfully,

(Copy) MILTON STAPP

Journal. The *Indiana Democrat* made fun of the appointment, saying Moore was once a cobbler. Dunn, *Greater Indianapolis,* 1:389, 486; Indianapolis *Indiana Journal,* January 4, 1840, p. 1.

---

[1] *Senate Journal,* 1839-40, pp. 78-79.

State Board of Internal Improvement: Annual Report[1]

[December, 1839]

REPORT TO THE GENERAL ASSEMBLY OF THE STATE OF INDIANA:

The supervision of the public works of the state, being placed in the hands of the new Board, created by the late modification act,[2] the preparation of the 4th annual report devolves upon them; and in conformity with usage, and in obedience to law, the Board beg leave to submit for the examination of the General Assembly, a summary, yet somewhat detailed account of their proceedings.

On the 4th of March last, the day appointed by law for the organization of the new Board, the members met at the seat of government, and having each given the requisite bond, and taken the oath of office, they organized and proceeded to business.

Noah Noble was elected President of the Board, and James Morrison was appointed Secretary, with a salary of six hundred dollars per year.

The reorganization of the several corps of Engineers was commenced, by the nominations made by the Chief Engineer, in the grade of *Residents,* in which grade there has been a reduction of four—diminishing that branch of the expense at the rate of $6,000 per year. To afford the Chief Engineer time to fill up the corps on as cheap a basis as the public service would permit, the nominations below the grade of Resident, were deferred until the June meeting of the Board, at which time the organization was completed.

The superintendence of the various works was apportioned among the several members of the Board, as follows:

To Samuel Lewis, the work on the Erie and Michigan canal; the Wabash and Erie canal, including all the work on that line to Covington; the work on the Indianapolis and Lafayette M'Adamized road from Crawfordsville to Lafayette; and the duties pertaining to the sales and collections on canal lands.

---

[1] *Documentary Journal,* 1839-40, Senate Docs., pp. 13-31. The report is undated, but it was printed in the Indianapolis *Indiana Journal* the middle of December.

[2] See above, 164n.

To John A. Graham, the Southern Division of the Central canal; the New Albany and Vincennes road; the improvements at the Rapids of the Wabash; and the work on that part of the Jeffersonville and Crawfordsville road, between Salem and New Albany.

To Noah Noble, the Cross-cut canal; the Jeffersonville and Crawfordsville road north of the National road; the Northern Division of the Central canal; the Madison and Indianapolis Rail-road; and the White-Water canal.

On referring to the law under which the new Board was created, for a specification of the duties imposed upon them, the authority given for their execution, and the objects to be attained by its enactment, the Board found them of a highly responsible, difficult, and delicate character; and more so, as many of the provisions of the act are so obscure and ambiguous, as to mislead especially those unacquainted with the condition and the amount of work under contract; and thereby create expectations not to be realized. Taking the sections of the act separately, the object would appear to be that expressed in the title—"to modify" the system so far as to have finished at once, a portion of the works; and in looking for the powers and means to be employed for the accomplishment of so desirable a purpose, they would seem to be given, in the discretion to be exercised in the application of the public funds to the more prominent works, and in the privilege of *compounding, cancelling,* and *transferring* contracts already entered into; but when those seemingly ample powers are examined, in connection with each other, they will be seen to be so incumbered with conditions and prohibitory clauses, as to render them almost inoperative, and in some instances altogether so.

According to their understanding of its leading requirements, and the powers conferred, the Board consider that the act contemplates,

First—The reduction and restriction of the annual expenditure to one and a half million of dollars, including superintendence and all other expenses connected with internal improvement.

Secondly—On deciding what works shall be *urged* forward, the Board is directed to apply or *concentrate* the public money upon such as will best promote the agricultural and commercial interest, and yield a revenue to the state the earliest day, so as to relieve the public from taxation; but the Board are at the same time prohibited from taking any step that would jeopardize the final completion of the public works provided for by the Internal Improvement act of 1836. And,

Thirdly—As a part of the means, and in furtherance of the object—that of completing a portion of the works—the Board are authorized to *compound, cancel,* or *transfer* the existing contracts from one work to another, upon the condition that the contractors would consent to it; but no transfer is allowed that will either diminish or enlarge the appropriations made for each work in 1836.

With this view of its conflicting provisions, and with a knowledge of the obstacles to be surmounted, the Board entered upon the execution of the trusts confided to them, and from convictions of duty, as well from a concurrence generally in the design of the Legislature, determined as far as practicable to carry out, what appeared to them a leading principle, that of finishing the more important and profitable works, as early as the means placed within their power would permit; but it was not without apprehensions as to the result, knowing that act to be taken for the guidance of the Board, with its lame and conflicting provisions, was the offspring of conflicting views and feelings in the Legislature, after a failure by that body to specify the works to be first completed.

The first thing to be ascertained, was the amount of the liabilities of the State for outstanding contracts—upon what works, and at what points; and the following is the result of the inquiry, as furnished by previous reports, viz:

Amount of Contracts on Wabash and Erie Canal—

East of Fort Wayne	$ 136,542
Above Lafayette	272,178
On old line	17,781
Lock in Delphi Dam	39,167
Letting at Covington	141,065

White-water Canal—	
Below Brookville	34,422
Letting above same to Cambridge	526,258
Central Canal—	
Above Evansville	51,395
Last year's letting, deep cuts &c.	443,744
Below Bluffs	104,010
Due on 1st lettings at Indianapolis	13,728
North of Indianapolis	370,188
Cross-cut Canal—	
At Terre Haute	228,308
Erie and Michigan Canal	270,523
Madison and Indianapolis Rail Road	86,921
New Albany and Vincennes road	335,098
Jeffersonville and Crawfordsville road	155,834
Above Greencastle	77,562
Road north of Crawfordsville	77,976
New Albany to Jeffersonville	27,411
Making in all	$3,414,121

With this large amount of unfinished contracts standing in the way, scattered over seven distinct lines, and at some eighteen different points—one-third of them unconnected with others, the questions suggesting itself to the Board was, how can they pay off these contracts with one million and a half per year, (absorbing the whole amount appropriated for more than two years to come, if applied to existing contracts,) and at the same time execute the other great object contemplated, that of lessening taxation by finishing the most profitable works?

To this an answer might seem to be at hand, in the grant of power to transfer and cancel contracts; but upon that, from a knowledge of the then condition and past progress of the works, the Board could not rely. The contracts upon the detached lettings and elsewhere, in many instances, were in the hands of citizens of the immediate vicinity of the works, who, instead of assenting to a postponement or transfer, would oppose any relaxation of operations on their favorite work; and in addition to that feeling, the Board saw that the restrictions placed upon them in those provisions of the act that forbid the taking of any step that would interfere with the original appropriations made to each work, or any thing calculated to "jeopardize" the completion of all the works named in the act of 1836, would prevent any valuable result from the proposition to "cancel and transfer," when not only the assent of the contractor was first necessary, but the terms and rate of compensation were in his power. But whilst the board entertained these doubts, their judgment approved the object of the law, their duty prompted them, and an order was accordingly made for transfers from the Crosscut canal to the main Wabash line; from the work at Covington to the same point; from the letting north of Greencastle; from the letting below Indianapolis to the main line of the Central Canal north of the same place; and from the lock contract north of the Cumberland Road on the White-water canal, to the main line below. The success of the efforts made in this matter, will be found in the annexed reports from the commissioners whose duty it was to execute the order of the Board.

The Board next proceeded to the designation of the objects, and to the apportionment of the annual allowance of 1,500,000 dollars, and in the performance of that duty, they encountered perplexities like those before alluded to. With that sum, unincumbered with other claims upon its application, three prominent works could have been finished in two years; but whilst there existed so large an amount of liabilities for previous contracts, such a disposition could not be made, without a disregard of the rights of contractors, so cautiously guarded by the late act; and on the other hand, if applied to the payment of existing contracts, the whole amount would be exhausted for more than two years, and the other great object, the completion of a part of the works, would be defeated. Under such circumstances, taking the middle ground, the Board made the following apportionment of the annual allowance of a million and a half, giving preference to the more important works, keeping in view, as near as could be, the unfinished contracts on each, viz:

Resolved, That the acting commissioners be severally restricted in their expenditures for the current year, to the sums and on the works hereafter named, including every expense whatever, to wit:

Wabash and E. Canal E. of Ft. Wayne	$ 95,000	
Wabash and E. Canal North of Tippecanoe	103,000	
Wabash and E. Canal North of Lafayette	55,000	
Wabash and E. Canal Lock at Delphi	4,000	
Wabash and E. Canal Other purposes	22,000	279,000
White-water Canal below Brookville	34,000	
White-water Canal Above Brookville	240,000	274,000
Central Canal—Indianapolis	13,500	
Central Canal—Andersontown	125,000	
Central Canal—Noblesville	35,000	
Central Canal—Martinsville	25,000	198,000
Central Canal—Evansville Div.	51,000	
Central Canal—Petersburgh	140,000	191,000
Cross-cut Canal		70,000
Erie and Michigan Canal		100,000
Madison and Indianapolis Rail Road		65,000
Vincennes Road	145,000	
Jeffersonville to New Albany	10,000	155,000
North of Crawfordsville		30,000
Salem		70,000
Greencastle		25,000
Covington (canal)		30,000
		$1,487,500

Finding the work going on at the eighteen different points, with unfinished contracts to the amount of $3,414,000 to be paid for as the work progressed, without driving the contractors from the lines by withholding the money, the foregoing application was the nearest approach to *modification* and the early completion of a part of the works, that the new Board could make. Had the act authorized the Board to discontinue the operations upon the less valuable works for a while, and to pay the contractors for their disappointment and losses, upon those equitable principles that would apply to contracts between neighbors, the board would have made a more profitable disposition of at least $700,000 of this year's allowance; and as it turns out it would have been much better for the contractors; but having no such authority delegated by the act, and the transfers being entirely at the option of the contractors, a more profitable disposition could not be made of the funds.

With this communication the Board will lay before the Legislature the annual report of the Chief Engineer, and it will be found to contain much useful information at so important a crisis in the affairs of the state. . . .[3]

The several members in their character as Acting Commissioners, having prepared a report of what has been done on the several works in their respective districts, with all the minutiae of their proceedings, the Board will annex them to this communication. . . .[4]

As will be perceived, the Wabash and Erie Canal from Lafayette on the Wabash, to the Ohio line, is nearly completed, requiring only labor to the value of $168,000, to prepare it for navigation between those points, a distance of 144 miles, which if the means can be provided, may be accomplished by June next. The time for the completion of the work on this line expiring this fall, and that being the more prominent line, it was not laid under the same restrictions as other works, in the distribution of the limited expenditure for the year. There is now however some reason for the apprehension, that we are to experience a most unexpected delay in the use of this work, and from an alleged cause, which at this late hour cannot but excite surprise and regret. It will be recollected that in the location of the line from Fort Wayne to the Ohio state line, two levels or lines presented themselves; the lower one, on the plan of taking in the Maumee river as a feeder, which would supply the line with water beyond the Ohio line; and the upper level, relying upon the St. Josephs as a feeder, which would barely afford a supply in the dry season to the state line. With a full knowledge of all this, the Engineer of Ohio, Mr. Forrer, a highly competent officer, selected the upper level, having formed his plan for a reservoir to feed with, to a point in Ohio where the supply was sufficient. Upon this plan Ohio proceeded in her engagement with this state to construct her division of the canal, and the work was accordingly put under contract. Having assurances from the proper officers, that her part of the canal should be ready during the next year, we have expended money freely and largely, and have our part of the line nearly complete. It is said however, that the plan of Mr. Forrer has been changed since the work was let, and that a different line is to be adopted for a distance of some twelve miles, and that the work is to be let anew; and if so, it will require some time for its performance. The consequence of such a step, would be that our commerce would be locked up for some time to come, and that the state will sustain a loss of no little importance, after paying out so large a sum to construct our part of the work. For a better understanding of the subject, the Legislature is referred to the correspondence of the Chief Engineer, to be found connected with his report.[5]

---

[3] The engineer's report has not been reprinted. It is in the *Documentary Journal,* 1839-40, Senate Docs., pp. [87]-126.

[4] The individual reports of Noble, Lewis, and Graham are printed in *ibid.,* 35-86.

The last and the present seasons being so dry that the water of the streams was reduced much below the measurements before made; and the Northern Canal being dependent upon reservoirs for support, some doubts were excited of the sufficiency of such a supply; and it was deemed best to send a party to ascertain the quantity before the farther prosecution of the work, the results of which, not being yet known, will be communicated to the legislature, when received. . . .[6]

---

[5] The correspondence is printed in the *Senate Journal,* 1839-40, pp. 425-32. See also, 336n-37n.

[6] The chief engineer submitted the results of his surveys on January

The Board has to acknowledge, with a mixture of regret and mortification, that another year has passed, without any valuable progress in the improvements at the rapids of the Wabash; and what heightens the feeling of disappointment, is the consideration that the change in matters of finance has shorn us of the means for renewed efforts. That work is not under the control of the Board of this state nor of Illinois, but of the joint Commission of the two states, acting upon their own responsibility, and not bound by an order from either Board without the concurrence of the other. Being an improvement interesting to an extensive and productive district of each state, and holding in check a heavy and valuable commerce, this Board would gladly have seen the work go on. The Commissioner Mr. Graham, on our part, has recited the causes of delay, in his report.[7]

The New Albany and Vincennes road being metalled to Paoli, gates will be put up for the receipt of tolls; but as there is no law imposing penalties for evading their payment the Board will need the aid of further legislation. Mr. Graham's report will detail what has been done on the balance of this and the other lines in his district.[8]

In extinguishing the contracts on the Cross-cut Canal, and directing the application of the funds allotted to it, the Board aimed at an early use of the water power, dispensing with the locks. To attain that object additional work will be required to the amount of $91,000.

The feeder line of the Central Canal at Indianapolis was filled in the spring, and now supplies power for hydraulic purposes at that point. The first dam for the Muncie town feeder and the one at the Bluffs, will be left secure with a few days' more labor.

10, 1840. See *Documentary Journal,* 1839-40, Senate Doc. No. 18, pp. 231-48.

[7] *Documentary Journal,* 1839-40, Senate Docs., pp. 75-88.

[8] An act for the better regulation of the New Albany and Vincennes road was passed providing for the erection of toll gates in preparation for the collection of tolls. Rates of toll for each ten miles ranged from one-half cent for a hog or sheep to twenty-five cents for a coach, chariot, or other four-wheeled pleasure carriage drawn by one horse. *Laws of Indiana,* 1839-40 (local), pp. 148-53.

In July the navigation of the White-water Canal was permanently opened, and the line to Brookville is well prepared for the winter's frosts and floods. The exposed work at Lawrenceburgh will be placed beyond the reach of danger, if not arrested in a few days. The bridge over the pool of the dam at Harrison is well advanced; and the foundations and abutments of the dams and aqueducts above Brookville are left with strength sufficient to withstand the dangers to which they are exposed.

By an order of the Board the Railroad has been leased for one year from the first week in June for 60 per cent. of the receipts, the contractors being liable for the expenses of the officers, fuel, and other contingencies.[9] The distance from the depot at the top of the hill near Madison to Vernon, 20 miles, is performed in one hour and a quarter. One trip is required each day, and when the business justifies it, two trips are made per day, making 80 miles. No accident has yet occurred.

The June letting on this road covers a distance of 29 miles to Edinburgh, the contract prices being much below former prices, averaging for grading and bridging, about $9,874 per mile. The whole length of line now occupied, finished and unfinished, amounts to fifty-seven miles and a half.[10]

Upon the road north of Greencastle the structures and materials will be left in an advanced and safe condition.[11] For all other details pertaining to the lines in Mr. Noble's district, the desired information may be acquired by a reference to his report to the Board.

The following is a condensed view of the year's operations:

Amount of work done and paid for from 1st March to 31st Oct. is	$ 986,732 14
To this add amount expended by the old Board from 1st Dec. to 1st March	399,595 69

---

[9] Sappington, "Madison and Indianapolis Railroad," in *Indiana Magazine of History*. 12:237.

[10] In reply to a Senate resolution inquiring about the suspension of work contracted for in June and the subsequent re-letting of the work to other contractors, Noble affirmed that this had been done. *Senate Journal*, 1839-40, pp. 144-45.

[11] This is the road from Jeffersonville to Crawfordsville which was left uncompleted.

Amount of work done by contractors since the suspension and for which the state is indebted	705,000 00
Amount of unfinished contracts 1st Dec. last was	3,414,000 00
Unfinished contracts the 31st Oct. besides the R. R. letting, a balance of	1,778,155 00
Letting on Railroad in June	285,000 00

The sums reported as paid out by the old and new Boards will not agree with the charges of the Fund Commissioners against the Board of Internal Improvement, because Messrs. Clendenin, Maxwell, and Johnson have not settled, so as to include what they paid out from 30th Nov. to 1st March, and because the disbursements and estimates made since the 31st Oct. the time of closing the accounts of the new Board by law, are not brought into the report now made, but will come in under the next quarterly report.

. . . .

From the amount of contractors' claims for work performed it will be seen that, with the suspension of the works, we have another evil brought upon us, of no trifling magnitude; that of being largely in debt to contractors. To guard against or prevent its accumulation by an authorized line of conduct towards them, would have been gratifying; but being anxious to finish their jobs without breaking up their force, hoping every month for some relief; having no means to pay their hands if discharged, and in many instances being encouraged, assisted and urged on by citizens of the vicinity, they were induced to persevere.

The Board has however, recently issued the annexed order, with directions in an imperative shape, requiring the contractors on all the lines to cease their operations with the exception of those engaged in jobs that are yet to be preserved by additional work, and with the exception of the Wabash line above Lafayette:

"*Ordered,* That, with the exception of the Wabash Canal from Lafayette to the state line, and the dams on other works yet to be preserved; the work at Lawrenceburgh and bridge at Harrison; the Public Works be immediately suspended; and that the Chief Engineer be requested to give the necessary orders to the Engineers in charge of the same.

"*And it is further ordered,* That the Chief Engineer be requested to take such steps as will by the first day of December, reduce the corps of Engineers to the wants of the service under the suspension which has taken place, retaining as many of them, and of such grade as the present condition of the works may require; and in the meantime he is moreover requested to cause an inventory of the public property of every description to be taken, and to direct where it is to be deposited and the manner of its preservation.

"Adopted by State Board of Internal Improvement, 18th Nov. 1839.

J. MORRISON, Sec'y."

It would be an omission of duty towards them, were the Board to fail to recommend the claims of the contractors to the early and earnest consideration of the Legislature. With their whole private resources invested in their work, those who are citizens of other states cannot leave; those who are of our own citizens cannot engage in other pursuits; and all are indebted largely for labor and supplies. Nor are they the only sufferers; many of the daily laborers and farmers have relied upon their duties from contractors, to pay taxes and other pressing demands. For these reasons, it would seem some early and efficient measure of relief should be afforded by the Legislature. So far as they may be discharged, the Board is of opinion the per centage should be paid them upon an adjustment of their accounts.[12]

There is another class of meritorious individuals whose claims will entitle them to the favorable and early consideration of the Legislature, those composing the various corps of Engineers, filling the subordinate stations.

Owing to the suspension, the Board and Chief Engineer, from motives of economy, have found it necessary to dispense with them; and having rendered efficient and faithful services, the Board freely acknowledges it; regretting their inability at this time to tender the promised compensation.

. . . .

---

[12] For legislation affording relief to contractors, see above, 331n.

The Treasurer of State has laid before the Board, a notice of the surrender of the charter of the Lawrenceburgh Railroad Company, and the Board has considered the question of the value of the work performed by the Company to the Canal at Lawrenceburgh; and finding from the opinion of the Engineer Department, that it does not, in its present condition, afford any protection to the canal, if it required it, the Board could not feel justified in making an allowance for it, and therefore have not made any.

Although it does not properly belong to them as disbursing agents, yet as the act enjoins upon the Board the duty of exhibiting a view of the condition of our finances, present and in prospect, stating the gross means applicable to the interest on our debts, and the sources whence derived, they have sought and obtained information in relation to the subject from the commissioners belonging to the financial department, and proceed to the discharge of the duty required.

The whole amount of the state debt is,

For the Wabash and Erie canal	$1,727,000 00
For the other works	5,932,000 00
Making	7,659,000 00
Deducting the estimated value of our canal lands	1,000,000 00
There will remain of the debt	6,659,000 00

The annual interest on our debt, is

On that of the Wabash and Erie canal	$ 87,350 00
For the other works	301,600 00
Amounting to	388,980 00
	[388,950 00]

Annual means applicable to the payment of interest, are:

Revenue derived from $107,000,000 of assessment, at 30 cents on the $100, making, not deducting the cost of collection	321,000	
Interest on one 3d of the Surplus Revenue	34,000	
Interest on debts due for canal lands sold	22,000	377,000 00
Leaving, besides the loss and cost of collection, a balance to be provided for of		11,000 00

In addition to her bonds, the state owes the following debts:

To the Br. Banks for money advanced for the works	660,000 00
To contractors &c. to 1st Nov.	705,000 00
	$1,365,000 00

And there is due to the state:

From Eastern Banks, and others, besides the unavailable property of $285,000	1,557,000 00

Of the canal lands embraced in the estimate of $1,000,000, about $365,000 consists of debts due for those sold heretofore, and the remainder consists of the estimated value placed upon the 90,000 acres to be selected from the lands recently purchased of the Indians. Besides these, we have 294,000 acres, now selected on account of the lands granted by Congress for the benefit of the Wabash and Erie canal, below the mouth of the Tippecanoe, which cannot be disposed of until authorised by an act of Congress.

The annual means applicable to that purpose being short of the interest accruing upon the bonds, and the Board believing the present rate of taxation as high as the assessments will justify without making it oppressive to the agricultural interest, would recommend the sale of the canal lands, payable annually for seven years, with interest, and from the proceeds that the $87,350 of interest, due on the debt contracted for the Wabash and Erie canal, be paid. This will leave from the other sources of income named, a sum sufficient to meet the interest on the remainder of the debt. Until there shall be a sufficient sum received from the sales and accruing interest, the interest from the canal lands for the first year, to that amount, ($87,350) must be paid from the debts due from the Eastern Banks, amounting, as above stated, to $1,557,000, to be returned from the sales of the lands.

The Board may be told it is bad policy to apply the principal to be obtained for the lands to the payment of interest. Looking to the *policy* of the proposition, the Board will concede this; but, looking to the *necessity,* and believing it would be very unsatisfactory to the holders of our bonds to be told that we wished to apply our lands to another object, the Board is prepared to apply any means in the reach of the state, to save our credit and protect our honor. With the debts due us, the proceeds of the lands, and the present income from taxation and otherwise, we can preserve our credit until other resources are at hand, and until we can complete our prominent and more profitable works.

The Board has already stated to the legislature, that in their order for the suspension of operations upon other lines, they have not disturbed the progress of contracts on the Wabash canal. That work being at the eve of completion, and requiring only the performance of work to the value of $168,608, to render it available for the whole distance of 144 miles, it was thought advisable not to diminish the amount of force there.

To those who reside on the other lines, and who have witnessed the daily active exertions of the operators, the discharge of the force employed, and the consequent postponement of the expected facilities to commerce, cannot be otherwise than discouraging. Similar disappointments, however, have happened to other states, and without injury, except that produced by delay; and whilst we cannot avoid feelings of regret for our suspension, there will be a resulting benefit, that of the reduced price of new work corresponding with the decline in the leading elements of cost, labor and provisions, to say nothing of the opportunity that will be offered the legislature to confine the future application of our means to the more useful works first, taking time for the completion of others.

When we shall be able to renew operations upon a prudent scale, will depend in some measure upon circumstances not in our control, but from the long rest the people of Europe have had from the desolations of war, and the vast accumulation of wealth to fill the channels of business, there must, when the effects of the revulsion shall have subsided, be a surplus of capital to be again invested in American bonds; and when, in connection with this view, we look to our state and her resources, to the public spirit, enterprise, and perseverance of her citizens, to the elasticity and energies of both, with such a people, such a soil, such resources, present and in prospect, the day cannot be remote when the gloomy picture held to our view, must give way to brighter prospects, and then, like the states preceding us, we must and will triumph over the difficulties thrown in our path by the pervading evil of the times.

By a reference to the table attached to the report of the Engineer in Chief, the legislature will perceive that 404 miles of the advanced works may be finished with a further expenditure of two millions, and that with an additional sum of one and a half million, one hundred miles more may be completed.

Although the Board thought it advisable to discontinue operations for the present, and until the legislature should have an opportunity to act in reference to the subject, they are of opinion, if at all practicable, that one at least of those approaching to completion, should be taken up in the spring. And when the state authorities shall approve of the plan which has been determined upon by the joint commissioners for the work, the improvements at the Rapids will deserve a share of the first means that may come to hand.

The Board has, with feelings of commendation observed the examples of the citizens of Kentucky in tendering to the Executive the aid of their private resources in the prosecution of their public works, and being advised of a disposition on the part of our citizens to enter into private associations to carry on the work upon several of the advanced improvements, without calling upon the state for money, proposing to take her bonds and do the work at the prices estimated by the Engineer, the Board is of the opinion that it would be good policy to encourage the undertaking, with such restrictions as will ensure the application of the proceeds of the bonds to proper objects.

The events transpiring since the last session of the General Assembly are such as to present questions for deliberation not only new, but such as are alone suited to the heart that has no relish for public calamity, can discard selfish motives rather than excite distrust and alarm, and meet the crisis under a patriotic desire to protect the interest, and what is still more valuable and sacred, the plighted faith and honor of the State.

For a year or more we have had forebodings of one of those reverses, which, periodically or otherwise, have attended the prosperity of all communities enjoying high commercial or other benefits. The threatened reverse has fallen upon and affected alike the finances and policy of our State, of our sister States, of the General Government, and our extended business and commercial relations with other nations; deranging money matters; reducing the value of lands, labor, and the products of agriculture; prostrating foreign commerce, arresting the works of States, and suspending those facilities usually granted by the banking institutions. Whether it has originated from conflicting policy or rival interests in the commercial world, from overtrading, or from other causes, is not material to us for the present. Its influence, upon us, is felt in the failure to procure funds in Europe upon our bonds; and not knowing the true cause of the suspension we are apt to ascribe it to the magnitude of the system, or to the manner of conducting it. Although no adequate remedy, from their progress, can be now offered for past errors, the experience we have had may be of future value, . . .

. . . .

The Board of Internal Improvement according to the impatient demand of public sentiment, and the indirect expressions of the Legislature from time to time, ordered a beginning upon every line, and at a subsequent period at several points on the same line. Objections being made to the plan of simultaneous prosecution of all the works; the objectors insisting at the same time upon finishing a portion of them on the ground that it would be more safe and economical, and relieve the burden of taxation; the question was openly discussed for two years, and a large majority of the people of the State sent members to the Legislature under a pledge of support to the system as then conducted, sustaining the action of the Board to its fullest extent. These facts belong to the history of the measure, and are referred to, to shew that it was one originating with and sustained by the people; and that the obligations incurred were created by the authorized agents and representatives of the people and of the State.

Having stated the inducements which prompted us to embark, the plan pursued to accomplish the enterprise, and the reliances upon which we based our high expectations of ultimate success, the inquiries suggest themselves, what have we realized? and what has been the result of our experience? and then from a comparison we may detect the errors which time and our observations may have exposed.

In the first place, from the rise which has taken place in the leading items, labor and provisions, our works, estimated correctly in the outset, with but few exceptions, have cost us 20 per cent. higher. The difference was lost to the State, but realized in the profits of labor and provisions by our citizens.

Secondly: Relying for means as we had reason to do, upon the low rate of interest and great amount of capital in Europe offering for American bonds, we expected to procure funds at our pleasure, and actually did so for a while; but the $30,000,000 of State bonds then authorized to be issued have been increased to $174,000,000, besides city corporation bonds, and those sent out by canal and rail road companies, amounting in all to near $200,000,000. This large and unexpected demand for foreign funds has absorbed so great an amount as to induce the Bank of England (whose rate seems to govern others) to put up the rate of interest to stop the drain of capital from that country. The effect of this measure has been to reduce the value and demand for State bonds, preventing this and other States from proceeding with their works. These things, the increase of bonds and rate of interest, no human forecast could guard against, and therefore the States were not to blame for relying on a resource that has and will for a time fail.

Thirdly: Finding from our annual outlay, that the demand upon the treasury for the payment of interest, would soon exceed the provisions made for that purpose, various expedients were suggested for raising an annual revenue in aid of the ordinary resources. At one time our share of the surplus revenue of the U. States, supposed to be $1,500,000, was relied upon; but in the sequel, only a portion came into the possession of the State; and two-thirds of that was appropriated by the Legislature to another important object, that of education, reducing our contemplated means from some $100,000 annually to $34,000. At a subsequent period, public attention was directed to an increase of the capital of the State Bank, as a measure that would be salutary to the general prosperity of our state, and promising from its nett profits a large annual income. The measure received the sanction of our ablest financiers; and the President of the State Bank, in his report to the House, of Dec. 29, 1838, expressed the opinion that the capital might be increased to ten millions within the next ten years; that loans for this purpose could probably be made at an average rate of five and a half per cent.; and that the state in the next ten years, might realize from the profits of the bank stock, the probable sum of one million of dollars, applicable to the payment of interest on our Internal Improvement debt. But the failure to negotiate the loan required for the object, will, for a time at least, prevent the proposed increase of bank capital, and the important aid anticipated from that source can no longer be relied upon.

Lastly: Whatever may have been the previous opinions and wishes of the friends of the policy, from a review of our operations on the principle of carrying on all the works; and from the evidence afforded by time, experience, and what we have accomplished, it ought not to be denied that the state has divided her resources and energies among too great a number of objects; that they are unproductive in their present condition; and that it was our better policy from the beginning to direct our means to the completion of a part of the works, before we proceed with others. This plan would have completed all in less time, and for a less sum than the plan adhered to by the Legislature and the people. In that may be found our greatest error.

Deprived of the aid looked for from the several sources mentioned, which was barely adequate for the annual demands resulting from the extended plan of operations, it is manifestly our duty now to confine our future expenditures to correspond with our diminished resources, and to finish some of the most profitable and useful works, leaving the remainder awhile, and until new, or our growing resources will warrant a resumption.

Whatever may hitherto have been the difference of opinion in reference to our internal improvements, there will be none in regard to the propriety of maintaining the faith and credit of the state. In a government like ours, whose institutions are within the reach and influence of public sentiment, the remedy for bad laws, for error of judgment, for imbecility or unfaithfulness of public functionaries, is purely political. We may, from the self-governing principle in our organic laws, correct abuses, and at the proper time, change our agents and public officers, if from a real or supposed cause, they become obnoxious to public opinion; but, if it were desired, no repeal of laws can rid us of the obligations incurred by the acts of our constituted agents and representatives, chosen to act for the body politic; and it is a long and well-settled principle in the laws of nations, that no state or nation can absolve itself from the obligation of contracts, or from liabilities accruing from breaches of national law, even by a change in the form or national character of their government, whether voluntary or otherwise. . . .

. . . the people of Indiana will never assent to any step that will subject them to the just imputation of legal plunderers, and to the reproach and scorn of our sister states, and of the civilized world.

. . . the Board would not venture to dictate a line of conduct; but as the law has invited, and made it their duty to speak freely on matters relating to the prosecution of our works, they have done so. . . . while the Board has the fullest confidence in the integrity and prudence of the Legislature, it is not to be disguised that the credit of our bonds has been somewhat shocked, and that the confidence of the holders has been shaken by the proceedings of a few of our own citizens. In the exercise of a privilege too valuable to be checked, great latitude has been taken in our discussions, of the propriety and manner of conducting our public works; propositions have been advanced by editors and others; in unguarded moments, wearing the semblance of resistance to our laws, which though innocent at home, have been taken advantage of by those whose interest it is to decry state securities that they may buy them cheaply. Individuals have also procured the publication of anonymous letters in New York where our supplies of money have been, and may in future be procured, misrepresenting the objects and sentiments of our people; and whether employed by, or conspiring with those who wish to buy our bonds cheaply, the effect is the same upon our credit, and our Fund Commissioners have been invited east to explain, and to protect the value of the bonds.[13] The breath of suspicion falls upon state credit like mildew, proving that caution and prudence should mark the conduct of not only our State authorities, but of Editors and citizens who exert the least influence; for if from any cause there should be a decline in the value of the bonds disposed of, those negotiated hereafter must be disposed of at the reduced price. We owe something also to the innocent holders; those who have parted with their money for our bonds at five per cent. interest. Believing that the authorities of the State should speak in the proper tone, the Board has not hesitated thus to express its views. . . .[14]

SAML. LEWIS,
N. NOBLE,
JNO. A. GRAHAM.

---

[13] See above, 268n-69n.

[14] The Democratic members of the committee on canals and internal improvements in the House, with Amos Lane as chairman, made a report on February 12, 1840, in which they reviewed the history of internal improvements in the state. At the close they recommended that the Wabash and Erie Canal and two other works be selected for comple-

Minority Report of Select Committee of the Senate on Governor's Message[1]

[January 2, 1840]

The select committee to whom was referred that portion of the Governor's message which referred to "a deranged and ruined currency, a universal prostration of credit and confidence, the deep and unmitigated pecuniary distress, which is now visiting or threatening every class of our late prosperous community," with instructions to inquire into the cause thereof, have according to order had that subject under consideration, and the majority of said committee have directed me to report, that in their opinion it is at present *inexpedient* to inquire into the cause thereof, and

---

tion, and that the board of internal improvement, engineer department, and board of fund commissioners be reorganized and reduced to one member in each department. *House Journal,* 1839-40, pp. 721-38. A minority report was presented by James P. Carleton and Sylvanus Everts on February 17. *Ibid.,* 847-64. Noah Noble, chairman of the internal improvement board, and Amos Lane had been personal enemies since the early 1820's and it was expected that the latter would do all he could to make things difficult for Noble. A week after the election in which Lane was chosen to represent Dearborn County, P. James wrote Noble from Lawrenceburg: "You know Mr Lane is elected to the Legislature and intends aiming a death blow at Whiggery of whom yourself and Merrill are considered chiefs and are to be displaced. . . . He [Lane] is procuring all the testimony he can . . . for operation at the next session of the legislature and I have no doubt if they do not succeed in changing the features of the law so as to make your place vacant that they will impeach you. . . . You may rest assured that heavy operations are intended against you both and let me advise you to not sleep on your past but be prepared to make your defence." Noah Noble Papers, Indiana State Library. Lane's report was denounced by some Democrats as well as by Whigs in the legislature.

[1] *Senate Journal,* 1839-40, pp. 105-8. Several Whigs spoke out against the minority report in the press. Christian C. Nave of Hendricks County thought it was designed solely for political capital and that the author had mistaken *"almost in toto"* the true causes of the pecuniary distress. In his opinion these were: veto of the bill to recharter the United States Bank, issuance of the Specie Circular, Benton's gold bill, and lastly, the wild extravagant system of internal improvements adopted at the session of 1836, for which both Democrats and Whigs were responsible. Indianapolis *Indiana Journal,* January 15, 1840.

ask to be discharged from the further consideration of that subject.

The undersigned, the minority of said committee, would gladly, could a sense of duty permit him, coincide with the opinion of the majority of the committee, . . . but after his having offered the resolution of inquiry, truth, common sense, and a just regard for his own character as a Senator, and as a consistent man, alike forbid it.

He will not therefore shrink from going into an examination of the causes of our present prostrated condition in relation to pecuniary matters as required by the resolution.

His Excellency, Governor Wallace, sensible that a deep and abiding feeling, had spread itself through the land, that there had been mismanagement *somewhere,* has, by a species of subterfuge more becoming a petty court lawyer, than his elevated station, attempted to throw the censure of the present state of affairs upon the last and present administrations of the General Government. Thus picking at the mote in his neighbor's eye, while the beam remains in his own.

I would ask, have we not as good a currency now as we had during the existence of the national bank?

Have we not besides the notes of that bank, which Mr. Biddle said was on a more favorable footing under its present than under its former charter, an *increase* of gold coin, equal to the entire circulation of that bank formerly? and this has been the effect of the much abused gold bill, which all admit induced the flow of gold into the United States, which is evident must cause it to remain with us. We have besides the notes of our state bank, confessedly a good circulation.

I would ask if our present collapsed state (I speak of the country generally) is not a necessary consequence upon our former inflated condition, both consequent upon principles as immutable as the nature of man, and both aggravated by a vicious paper system?

If the state of *our* money market is attributable to the action of the General Government, I will ask how shall we account for the fact, that the monetary affairs of Great Britain, are in a similar situation, when the action of the Government there towards the credit system, has always been and continues *orthodox* with the whig party of America.

Upon the removal of the deposites from the U. S. Bank, that bank having declared it necessary for her to call in her circulation, the State Banks were induced to issue a sufficiency of paper to fill the vacuum about to be caused by that operation, but did we not see that institution afterwards, in the face of her own previous assertion that she must *wind up,* discount most liberally and increase her circulation, and accommodations to a most unparalleled extent.

And here the two systems of banking seemed to vie for the palm of extravagancy.

The national Government were known to be inimical to the one system, and the other, the people of the separate States had under their own control. Then how in candor can we censure the General Government, with the extravagance of either?

The sudden increase of bank paper not only offered facilities to men unaccustomed to mercantile pursuits, to engage therein, but induced men of all classes to drop their lawful callings, and to turn out into the great Malestrom of reckless speculation.

Thus the productiveness of the country was not only diminished, but extravagant foreign importations induced; while the same accursed Pandora's box also so raised the price or nominal value of our surplus produce, that it would not bear exportation.

We were going on in this manner, headlong, to our own destruction, when the warning voice of the specie circular was heard, which comparatively speaking, gently let the wind out of the paper bubble, which if suffered to have expanded to its full size before explosion, would have overwhelmed us in such a scene of disasters as a century would scarce have sufficed to clear up.

The truth is, that as a general thing, we the people of the United States, have been too extravagant—have overbanked, and overdone everything except overworking ourselves, and hence, the present indebtedness of the country, and would to Heaven, that I could say that this *general depression,* was all that sat lowering upon the fortunes of the people of this State; but such, I grieve, while I say it, is not the case. We have our peculiar *local circumstances,* so much more oppressive to our interests, that it becomes a mere matter of indifference to us whether the comparatively slight cloud of adversity which covers the *Union* generally, be attributable to this or that of the great political parties of the day. Four and a half per cent. stocks of New York have lately sold at 90; and other states also have been making sales of their bonds latterly, which most clearly proves that the total failure of Indiana to procure funds must be laid to causes, other than the *general* depression of the money market.

Had Gov. Wallace spoken out boldly, like an honest man, and not like a time-serving politician, trying to trim his wherry to the blast, he would have told us that, *our* present distress was mainly owing to our having undertaken a system of internal improvement, entirely disproportionate to the means of the State—a system adopted without reference to the best interests of the State, but carried through the halls of legislation, by a corrupt and local concatenation of interests—a system which has been sustained by keeping the mass of the people in ignorance as to the "modus operandi" thereof, a system in fact conceived in sin, brought forth in iniquity, and, attempted to be sustained by deception.

The system, bad as it was, owing to the natural rivalry, that must have existed between its component parts, when completed was rendered an engine of more immediate destruction, by the carrying out of the views of Governor Wallace and his political friends, by a simultaneous prosecution of the works, their cost was doubled, whilst the people were lulled to rest by the syren song, that though the cost of the works to the State might be much enhanced, that still they would be benefitted by the enhanced price of labor, produce, &c. in a greater ratio. The important fact that the *State* represented their own pockets in this particular, seemed to be overlooked.

Every measure was resorted to, to prevent the people's feeling the first breath of the coming storm, until it was alike ruinous to progress or to recede, with a view that those works particularly *interesting,* to the principal parties concerned in the concoction of the bill of 1836, might be too far advanced to be abandoned.

The premium properly received on the sale of state bonds, instead of being used as capital, has been absorbed as well as a portion of the capital itself in the payment of interest, the party in power knowing full well that if a system of taxation was resorted to, sufficient to defray our interest account, that the people would be immediately brought to reflection upon the subject. Hence Gov. Wallace and his friends studiously avoided such a course, until the day of *discounts and not of premiums* came on. Here humbuggery had to halt! The eastern nabob would no longer let his money go to a people who could not sustain a tax sufficient to cover the interest upon their liabilities, and here the present revenue bill had its origin, which amount as it is falls far short of meeting the interest on our state bonds.

Our funds had been so flush in the east, until our late disasters, that our merchants were always able to procure eastern drafts upon easy terms. This sourse *now* being cut off, accounts in some degree for our local "derangement of the currency."

We find that instead of being able to procure funds upon the sale of state bonds as heretofore, that our commissioners after having sold bonds upon such terms that more than a *quarter of a million* is lost in discounts have suffered themselves to be *fooled* out of nearly three millions, which if we do not eventually lose in toto, at least we lose the use of it now, when we *want it most.*

A portion of the above amount was intended for the increase of the capital of our state bank, in which object we have also failed, while the bonds of Indiana have passed into the hands of a company of English Jews, (the Rothschilds) who tauntingly tell us, that if we do not pay up the interest more punctually, that the bonds will be exposed to public sale *at any sacrifice.* Indiana has been drained of her specie to pay the interest on these bonds, though we have received nothing from the sale thereof.

The state has besides *crippled* the usefulness of the branches of the State Bank, by borrowing largely from them, thus of course, curtailing their private discount list—and last not least, our contractors on the public works are bleeding at every pore, for the million which the state owes them, and one cent of which we cannot pay, though we have more than double that owing to us from eastern corporations, out of which they have *duped* our fund commissioners, and which bonds we are well aware are now *hypothecated* in London by that adjunct of the Bank of the United States, the Morris Canal and Banking Company.

Our depressed financial condition in short has been produced by our own unwise system of internal improvement, by our more unwise manner of prosecuting it, and by the *most unwise* course pursued by our fund commissioners in trusting our state bonds to so large an amount in the hands of irresponsible and swindling corporations, and *not* as modestly suggested by Gov. Wallace is it owing to the measures of Andrew Jackson or Martin Van Buren.

That man truly must have a most enviable stock of self-assurance, and a most exalted opinion of the intelligence of his fellow-citizens, who can flatter himself after having been *almost the prime mover* in this scheme of mischief, that he can not only induce them to hold *him* guiltless, but to cast the censure upon the *innocent*.

All which is respectfully submitted,

CH. W. CATHCART[2]

Noah Noble: Notice to Contractors and Others[1]

[January 4, 1840]

Under the authority of two Joint Resolutions of the General Assembly, the Acting Commissioners have been directed by the

---

[2] Charles W. Cathcart (1809-88), a senator from La Porte County, was in his third legislative session. He had come west with army troops in 1832, purchased land in La Porte County, and remained there the remainder of his life. He was a presidential elector on the Democratic ticket in 1844, was elected to Congress in 1845 and again in 1847. *Biographical Directory of the American Congress, 1774-1949* (Washington, D. C., 1950), 960. The other members of the committee were Thomas Bell and Nathan Smith, both Whigs. Motions to refer the report to the same select committee and to print 500 copies of it were voted down. Cathcart then moved that it be tabled. *Senate Journal,* 1839-40, pp. 36, 109, 113.

---

[1] Noah Noble Papers, Indiana State Library. Printed in Indianapolis *Indiana Journal,* January 15, 1840, and in other papers. It is dated January 7 in the *Journal.*

Board *"to settle up in full with the Contractors of this State,"* at the contract prices, including the ten per cent. hitherto retained, (except upon jobs not suspended,) and for other items, for which they may be entitled to pay, (such as charges for extra work,) and to give to said Contractors certificates for the amount due, bearing an interest of six per cent. But as the certificates that will be given may be transferred, and as many of the Contractors are not citizens, and may wish to leave the State, for the security of laborers and all others who may have claims upon them, the Commissioner is authorized to withhold, for their benefit, all the adjusted claims that may be presented for that purpose;[2]

To carry into effect the provisions of the enactments alluded to, the Resident Engineer will prepare all the necessary estimates with as little delay as possible, and to hasten the final adjustment of all the claims contemplated, it will be well for the Contractors to prepare an abstract of the claims due to Laborers, Farmers, Merchants, and others, that they may wish to settle in the manner provided for by law.

As the State has had to pay large sums, on the finished portion of the works, for timber claims, not demanded in time to charge the Contractors before their jobs were completed, I request the Contractors to settle with the land holders for timber, stone, &c. purchased for their jobs, so as to embrace all such claims, and I avail myself of the opportunity to say, for the future, that unless such claims are demanded before a final settlement with Contractors, so that they may be entered to their accounts, I will not feel under obligations to make provision for their payment until otherwise directed by law.

. . . .

N. NOBLE, Acting Commissioner

January 4, 1840.

---

[2] For the text of the joint resolutions, see *Laws of Indiana,* 1839-40 (general), pp. [80a], 82-83. The Board of Internal Improvement had been retaining 10 per cent of the contract price until contracts were finished, as a security for faithful performance.

David Quinn and Henry Beitzell to Noah Noble[1]

CONNERSVILLE Jan 4th 1840

HON. NOAH NOBLE

SIR We have been shown a joint resolution of the Legislature, which directs the Canal Commissioners to settle with Contractors, and give them Certificates for the whole amount of work done—including the ten per cent—with six per cent interest till paid.[2]

We cannot perceive that this resolution will afford us any relief—or make our situation better than it now is.—But rather to the contrary.— It provides for giving us certificates bearing six per cent interest—but does not specify the time from which the interest shall accrue. The inference then would be, that they are to bear six per cent interest, from and after the time they are given. Now we cannot perceive that the Legislature could wish to withhold the interest on our clames from the time they were due; (which was about the first of August last) till such time as those Certificates may be given. We, therefore, must conclude that the Legislature has over looked this important point.

Besides if the State is resonable to us, at all, she is as good without the certificates, as with them—for they would be nothing more than a ded letter on our hands.— Again, we view this measure as calculated to produce delay which to us would be any thing but relief.

Many Contractors are paying as high as ten per cent interest for money, which is now invested in the Public Works, and, we think, the state can not do less than pay interest from the time our clames were due. Respectfully yours

DAVID QUINN } Contractors
HENRY BEITZELL }

---

[1] Noah Noble Papers, Indiana State Library.

[2] See Noble's communication to the contractors, above.

Report of Fund Commissioners in Relation to Interest on State Bonds[1]

OFFICE FUND COMMISSIONERS,
INDIANAPOLIS, 6th Jan. 1840

The Fund Commissioners, to whom has been referred the resolution of the Senate of the 2d instant, calling for information as to "what amount of interest has been paid upon state bonds sold for the prosecution of the Wabash and Erie Canal and the general system of internal improvement during each respective year since the first state bonds were sold, and from what source the funds were derived to pay each years interest; and further to report whether or not the $1,000,000 of state bonds sold to the Morris Canal and Banking Company in 1838 and which are payable in London will not cost the state, both in the payment of the interest and principal, the difference of exchange between this country and London over and above the $1,000,000, principal and interest thereon," submit the following Report:

The amount of interest paid annually upon bonds sold for the Wabash and Erie canal and in prosecution of the general system of internal improvement, since the commencement in 1835 up to the first of January, 1840, is as follows, viz:

For the year 1835	$ 20,600 91
For the year 1836	34,228 05
For the year 1837	94,860 04
For the year 1838	179,079 13
For the year 1839	329,317 70
1st January, 1840 about	194,475 00
	852,560 83

For the payment of which the following funds have been appropriated:

Amount received for sales of canal lands	$107,927 44
Interest on deposites, exchange and premium	253,720 63
Interest on surplus revenue	80,661 93
State tax for internal improvements, 1837-8	78,000 00

---

[1] *Documentary Journal,* 1839-40, Senate Doc. No. 14, pp. 207-9.

State tax for internal improvements levied for 1839	321,000 00
Canal tolls	5,023 95
Interest on deposites due 1st January, 1840, about	50,000 00
Interest on canal lands sold, payable in Nov. last	22,000 00
	918,333 95
Leaving a balance applicable to payment of interest due in July next of	$ 65,773 12

In the payment of the interest due on the 1st instant in New York and London, amounting in all, to upwards of $200,000, the Commissioners relied upon the debts due in New York until the revenue of the state applicable to that object could be collected and paid over. It was not until the first or second week in November, that they were apprized that the debtors to the State would wholly fail to meet their expectations, and that other arrangements must necessarily be made, or the interest of the State would remain unpaid, her plighted faith forfeited, her honor tarnished and credit destroyed. In this condition of things the Commissioners had but one resource—*they appealed to the Banks of Indiana, and did not appeal in vain.* Notwithstanding the large indebtedness of the State to the Banks, there was no hesitation—no apparent unwillingness, but with a generosity and patriotism highly creditable, they *unanimously* voted the amount required, and opening their vaults, they turned out their gold and silver to protect the honor of the State.

Many difficulties had to be surmounted before that amount of specie (mostly in silver) could be collected from the different sections of the State and concentrated upon the Ohio river at that inclement season of the year in time to have it transmitted to New York and London before the first day of January, but with unremitting efforts it was accomplished—our interest paid, and the character of our State elevated to a high rank among her sisters of the Union. In connection with this subject I would beg leave to suggest the necessity of a change in the law providing for collecting and paying over the revenue to be applied in payment of the State's interest. By reference to the 21st section of the act entitled "an act pointing out the mode of levying taxes and fixing the per centum for State purposes," approved February 15, 1839, it will be seen that the Auditor cannot audit to the Board of Fund Commissioners the amount of revenue thus set apart *except on the first day of February* in each year. Now the semi-annual interest being due on the 1st day of January, it is thought that much difficulty might be avoided if the revenue could be promptly paid over when collected.

In reply to the second clause of the resolution, I would remark that in making a contract for the payment of money in London or any other part of Europe, the State must necessarily loose the exchange, but in the sales of bonds, an equivalent is always received by the low rate of interest we have paid in the money borrowed, or the increased price of the stocks. Our five per cent. sterling bonds, principal and interest payable in London, have been sold at 98, when the dollar bonds, redeemable in New York, have only commanded 88 cents to the dollar.

By making the calculation it will be perceived, that a sale of five per cent. dollar bonds at 88 is better than 6 per cents. at par.

Respectfully submitted,

L. H. SCOTT, F. C.

President of State Bank: Report on Sale of State Bonds[1]

[January 8, 1840]

TO THE GENERAL ASSEMBLY OF THE STATE OF INDIANA.

The undersigned, on the 24th April last, made an agreement on behalf of the State, for the sale of a million of dollars of State bonds, to the Morris canal and banking company, to be paid for in ten monthly instalments, commencing the first of September.

Early in August, notice was given that these instalments could not be paid according to contract, and an attempt was then made to procure the return of a part of the bonds, and secure payment for the balance, by allowing time, but this arrangement was not carried into effect. Under these circumstances another visit to New York was made, and collateral security has been obtained, which it is believed will insure the payment of the whole amount.[2]

---

[1] *Documentary Journal,* 1839-40, House Doc. No. 23.

It is a subject of much regret and mortification to the undersigned, that his efforts to organize the new branches, increase the State stock in the bank, and thereby lesson the amount, which must otherwise be raised by taxation, have not been attended with all the success which the public had anticipated, and if there shall be any ultimate loss to the State, he will ask no other favor than a just appreciation of his motive. For this purpose alone the facts connected with the negociation are respectfully submitted.

Just before the passage of the bill for the increase of bank capital, an amendment was made, authorizing either the fund commissioners or the *President* of the State Bank to negotiate the loan for that purpose. As this amendment was made without the knowledge or consent of the undersigned, and as it is evidently proper that the loans on behalf of the State, should be made systematically by one set of men having the benefits of experience to guide them, he had never expected to be called on, nor turned his attention particularly to the subject. In March and April however, by the resignation of one of the fund commissioners, and the recent appointment of the other, there was no board to act, and neither of them was in New York, when a proposition was made on the part of the Morris canal and banking company to purchase the bonds authorized to be sold by the last legislature for the increase of bank stock.[3]

---

[2] The agreements between the Morris Canal and Banking Company and Samuel Merrill, on the behalf of the state, dated April 24 and December 10, 1839, are attached to this report as printed in the *Documentary Journal* but are not reproduced here.

Lucius H. Scott, one of the Fund Commissioners, wrote to Merrill from Terre Haute on November 20, 1839, that he had received news from New York concerning the Morris Canal and Banking Company, that made him extremely apprehensive of the safety of the state's investments. He urged Merrill to go at once to New York to see what could be done. "I need hardly say it is of the utmost importance that the matter should be kept perfectly quiet—If the people should take the alarm they may defer payment of their taxes, and the Branches might refuse us the advance they have promised—*to say nothing of the Legislature*—Advise with Fletcher—He is cool headed."

Merrill and Milton Stapp, the other Fund Commissioner, left as soon as possible. Merrill became ill on the way and did not arrive in New York until December 5. The stage in which Stapp was traveling upset, and he was injured to the extent of being detained for several days. On December 18, Merrill wrote that he did not think he would be able to leave the city in time to get home for Christmas, but that the business had been arranged safely for the state and "though not as favorable as I wished yet perhaps as well as could be expected. Those who are determined to find fault at all hazards will no doubt do so, and for this I hope I shall be prepared whatever it may lead to." Samuel Merrill Papers, November and December, 1839, Indiana Historical Society Library.

The securities which Merrill accepted are listed in the report of a House committee appointed to investigate the state debt. See below, 416-17.

This proposition was forwarded through one of the late fund commissioners,[4] and it reached Indianapolis in the interval of three days, which the undersigned expected to spend there, between his visit to the southern and one to the northern branches. By the terms of the article, it was only to take effect and be in force if it should be executed and returned to New York within twenty days from the date of its signature *there.* Two gentlemen then in Indianapolis, who had been fund commissioners were consulted, and the known opinion of all who had been in that office, would, on ordinary occasions, have justified an assent to the agreement without further inquiry, yet from the ominous signs of the times, the undersigned deemed it best to use all the means in his power to enable him to judge correctly as to the performance of the duty imposed on him. For this purpose he visited New York and made such inquiries and examinations as satisfied him of the willingness and ability of the Morris canal and banking company to comply with their engagement, and an article, of which a copy is herewith submitted, was agreed to.

That institution had previously purchased from the State more than five millions of dollars of its bonds on credit; it had promptly complied with its contracts; its directors were men of unquestioned reputation and wealth, its canal and real property had cost more than $3,000,000, and though the canal has heretofore yielded but a small income, it promised ultimately to be productive, and the means which it could then command, were such guarantees for the performance of its contracts, that though collateral security was asked, yet when it was positively declined, the demand was waived. As all the bonds disposed of by this State for some years past, and most of those by other States have been sold on credit, as few or no sales could have been made in any other way, and as these matters were well known to the last legislature, the mere fact of a *credit sale,* cannot be deemed just cause of complaint. From the time of making the agreement in April, until the first instalment was to have been paid in September, such was the rapid depreciation of all stocks that no actual sales could be made except at the most ruinous sacrifices.

---

[3] Milton Stapp and James Farrington had been commissioned Fund Commissioners on February 24; the latter resigned in a week or so and Lucius H. Scott was commissioned in April to succeed him. Record of Executive Commissions, 1837-1845.

[4] Isaac Coe, James Farrington, and Caleb B. Smith had been serving as Fund Commissioners before their replacement by the new board.

The consequence has been that large amounts of stocks have been pledged for small sums of money until the bonds cannot be returned, nor immediate payment be made for them. It has been satisfactorily ascertained that the Morris canal and banking company, though they sustained a heavy loss on a portion of the Indiana bonds, have not yet made any ruinous sacrifice on them, nor are they now in danger of any such.

The return of such of the State bonds as could not be paid for at an early day, has been urged with much earnestness, but without success, though strong assurances are given that probably half the whole amount may be returned within a year.

A longer time has been allowed for the payments than would have been if they could have been sufficiently secured to be made at an earlier day. Something was yielded in this respect to obtain about $300,000, on the improvement loan during the present year. The $980,000 due the State for the bank loan has been agreed to be secured and paid as follows: $120,000 on the first of October, 1840; $150,000 on the first of October, 1841; $200,000 on the first of October, 1842; $250,000 on the first of October, 1843, and $260,000 on the first of October, 1844; but five thousand dollars of the first instalment was paid to the undersigned at Columbus Ohio on the third of January, and $15,000 more will be paid in 60 days from that time. . . . In the mean time the State is indemnified and secured against all liability for interest on the bonds issued for the bank loan until they are paid for. Of the collateral securities obtained, the lands alone will probably at no distant day pay the whole debt. They amount in all to 258,888 acres, of which 236,666 acres is an undivided part of 1,200,000 acres, purchased at one dollar per acre through the agency of the late Col. J. M. White of Florida, and 22,222 acres is a part of 100,000 acres of selected Indian Reserves in Mississippi and Arkansas, which cost one dollar eighty cents per acre. The pier and some seventy lots in Jersey City must at all times be worth more than the cost of the value of the other lots there, the undersigned is not a competent judge, though his estimate of them is not high. A favorable account has been received of the bank stock, except those of one institution. In a former communication the views of the Hon. Samuel L. Southard as to the value of the rail road stock were submitted to the legislature. Further security is also agreed to be given, if that which is now had, should be found to be insufficient.

When the undersigned left New York, the mortgage on the Jersey City property, had not been fully executed. The papers were in the hands of an attorney, and it was in the process of preparation. It was expected to be completed in a few days and handed to General Stapp. The other papers can be seen by such committee as the Legislature may appoint, and it is probable much other information may be communicated which at this time is not important to be detailed at length.

The result of the whole is that the State has lost nothing, and under any fair calculation for the future, is not in any danger of loss. Its Bonds have from time to time been sold on a credit, and the period now allowed is not a long one, when the change of times that has come over the money market is taken into consideration. Whenever State Stocks are again in demand there will be no difficulty in raising money on the securities transferred to the State, under the provisions specified in the article of agreement. Several circumstances concur at this time to depress the money market in the Eastern Cities, and to prevent any loans being had there except to sustain their own business and institutions.[5]

The Free Banking of New York does not act in harmony with the system previously in operation: the long contested subject of the disposition of the public revenue still leaves the land markets for business, fluctuating and uncertain, and the influence of the late over-supply of State Stocks will for some time be severely felt.

The time cannot be distant, it is confidently believed, when the course which business must take for the future will be so plainly indicated that it may be conformed to without difficulty or delay.

Respectfully submitted,

S. MERRILL

Jan. 8, 1840

Jesse L. Williams to House of Representatives[1]

OFFICE OF CHIEF ENGINEER,
INDIANAPOLIS, 10th Jan., 1840.

TO THE HON. HOUSE OF REPRESENTATIVES,

The undersigned has received a resolution of the House adopted on the 23d ult., requesting him to report to the House, "what will be the probable loss sustained by contractors on the several public works in case they are compelled to abandon their contracts; also the amount expended on the several public works that will be entirely lost to the State, without a further prosecution of the same"; and in answer thereto, would beg leave to remark that he has no data in his possession which would justify him in presenting an estimate of "the probable loss sustained by contractors."

[5] Further information on Merrill's transactions in trying to sell bonds to obtain additional capital for the State Bank is brought out in the correspondence between Merrill and the Fund Commissioners and their testimony before a Senate investigating committee. See *Documentary Journal,* 1841-42, Senate Doc. No. 6, pp. 288-98, 299-307, 336-39.

---

[1] *Documentary Journal,* 1839-40, House Doc. No. 25, pp. 156-57.

Such an estimate could only be made, with any degree of accuracy, after an inspection on the ground of the whole contract, the shantees, tools, and other preparations made for the prosecution of the job. . . .

In reply to the second branch of the resolution, the following exhibit is submitted:

Estimate of the work performed up to 1st November last, on portions of works, which, if nothing more be done, will be wholly useless.

Erie and Michigan canal	$ 65,476
Wabash and Erie canal, Fort Wayne to State line	270,779
Wabash and Erie canal, Georgetown to Wildcat dam	545,650
Wabash and Erie canal, work at Covington	34,210
Cross cut canal	336,825
Central canal from Indianapolis to Martinsville	294,312
Central canal near Noblesville and Andersontown	241,530
Central canal from Pigeon feeder to forks of White river	249,122
White Water canal from Brookville to National road	323,040
Steam-boat lock and canal &c. at Delphi	18,589
Wabash rapids	10,500
Rail Road from Madison to Depot	223,772
Rail Road from Six mile creek to Columbus	
Road from Jeffersonville to Salem	252,099
Road from Greencastle to Lafayette	112,088
Road from Paoli to Mt. Pleasant	60,476
	$3,038,468

Estimate of work performed on other portions of the improvements, which will be partially useful to the country, by furnishing water-power.

Wabash and Erie canal from Wildcat dam to Lafayette	88,030
Central canal from Broad ripple to Indianapolis	171,032
Central canal from Pigeon feeder to Evansville	217,260
	$476,322

In addition to the foregoing sums there is the value of work performed since 1st Nov., and also the cost of superintendence, damages, &c. on the several lines named, which I have not the means of stating accurately. These two items may amount to two or three hundred thousand dollars.

[Jesse L. Williams]

Report of Select Committee of the House on Governor's Message[1]

[January 14, 1840]

The select committee to whom was referred "so much of the Governor's Message as relates to the past and present policy of the General Government, in connection with the embarrassed condition of our financial affairs," . . . have directed me to make the following report:

. . . The Governor assumes, in the commencement of his message, that he is unable to make any "acknowledgement" to "those who have for years controlled the political fortunes of this great nation" for benefits derived, favours conferred, or prosperity advanced. From making such "acknowledgement" he is "most solemnly forbid," preferring to attribute to those who have thus controled our national political fortunes, "the deranged and ruined currency, universal prostration of credit and confidence, the deep and unmitigated pecuniary distress which is now visiting, or threatening to visit every class of our late prosperous community." Subsequently apparently with a view of sustaining that assumed position he informed us that the people of Indiana, "since 1834 and up to the 1st September 1838" have purchased of the General Government, "6,961,573 acres of land" paying for the same 8,701,966 dollars. Thus contributing, to use his language, "to the support of the General Government, for the last four years, at the ruinous rate of 2,000,000 dollars a year, and," he triumphantly asks, "what returns has she had for it and for the millions paid before?"

---

[1] *House Journal,* 1839-40, pp. 278-83. For the minority report of the Senate committee appointed to consider the same subject, see above, 376-81.

His own answer, which he probably expected to be satisfactory, so contemptible appears to have been his opinion of the mental acuteness of the people at whose head he is placed, is, two vetoes, and "a refusal to make an appropriation on the Cumberland road." Against the correctness and truth of this answer, although coming as it does from a high quarter, we humbly beg leave to enter our protest. That the people of Indiana have purchased that amount of land is a statement which cannot for a moment be maintained, it being notoriously undeniable that a very large portion of the land has been entered by emigrants from other States; who so far from having drained it from our state to purchase their homes, have brought with them large sums of money, in addition to their industry, by which a vast and flourishing country within our borders, has been reclaimed from the red-man, and is yearly adding to our population and agricultural wealth. To prove this, it is only necessary to refer to the rapid increase of taxable polls within the period mentioned—in two years of which (1836-7) we find that increase to have been 20,711, a very considerable proportion of which must necessarily have been from abroad. Even admitting that our own citizens had paid the entire 8,701,966 dollars the Governor's conclusion by no means follows that we have obtained for it nothing but vetoes and a refusal to appropriate. If we had nothing else, we have at least the lands, which will, at the lowest computation, average now $5 per acre, amounting to 34,807,865 dollars, much of which now is and all of which soon will be taxable, yielding at the present per centum of tax about 90,000 dollars annual revenue to the State, without allowing for the constantly increasing value of the land,—an increase more than equal to 100 per cent. every ten years for the first quarter of a century. It is but recently that the Governor has considered this purchase of land from the General Government as contributing "at a ruinous rate" to its support. His views of this matter would appear to have undergone a remarkable change since 1836, at which time in his inaugural address, he summed up the quantity of lands purchased from the U. States, within this state, for the last four years, and informed us that it would swell the tax list of 1841 better than 7 millions of acres above that of 1836:—then asks, "is not this a most animating result? Could our prospective advancement in all the substantial elements of wealth be presented in bolder relief?" Alas! "a change has come over the spirit of his dream" since it became necessary to avoid the responsibility—the risk of incurring the consequences of his own and party's schemes, which have resulted so disastrously. Besides these lands, we have received from the General Government of College lands, 46,080 acres, of Saline lands 23,040 acres, for Seat of Government 2,560 acres, for Michigan road 169,600 acres, for Wabash and Erie Canal 355,200 acres, School lands (16th Sections) 640,000 acres —in all 1,236,480 acres—which at the same average ($5 per acre), although it will double that now, gives us 6,182,400 dollars. We have received likewise from the same source of Surplus revenue 860,254 dollars, of 3 per cent. fund 472,631 dollars, for Cumberland road within this State, say 500,000 dollars, for Michigan City Harbor 60,000 dollars, making a grand aggregate of 42,883,150 dollars.

Let his Excellency deduct any amount which his ingenuity can charge to "those who have for years controlled the political fortunes of this great nation" and strike the balance for or against this State! He further informs us that "during the same period there have been brought into the State and expended for internal improvement purposes, a little rising five millions of dollars, three millions less than the amount paid out for land," and his "object in stating these facts is simply to show the people where their money has gone to, and why it is that we hear from every quarter of the State, the cry of its exceeding great scarcity." This is a wrong conclusion from false premises.

Every individual engaged to any extent upon our public works, or at all conversant with the manner in which the financial affairs of the "system" have been conducted will bear evidence to the truth of the assertion that not one third of five millions has ever "been brought into the state and expended for internal improvement purposes." It has been deposited in the eastern cities where borrowed, subject to draft, and the drafts procured by our merchants and others to pay their eastern debts, the money thus remaining where it was borrowed, never reaching the hands of our people in any large amount.

As he did not "state facts" so he did not draw correct conclusions, in implying that this internal improvement money had reached the coffers of the General Government in payment for lands. He has failed to truly "Show the people where their money has gone to," though that failure arose, doubtless, from no want of the necessary knowledge, but from an overweening anxiety to throw an oblivious veil over the past acts of himself and party, and conceal their destructive consequences. Had he correctly told the people "where their money had gone to," he would have told them it had gone for the payment of interest to eastern stock-jobbers and swindling corporations, interest on bonds sold by his official friends, interest on an amount of principal, much of which we never have and probably never shall obtain. His enumerating "a refusal to make an appropriation on the Cumberland road" among the acts direct or remote of the General Government, exhibits a disregard of facts which it would be charitable to attribute to ignorance, as he must have known, in common with every citizen of the State, that it was from want of necessary exertion and from the speeches against time of some of our then so prolific representatives in Congress that the appropriation was lost.

Overtrading and speculation have done their part and much toward producing our present overwhelming pecuniary distress, but they were never encouraged directly or indirectly by the action of the General Government, legislative or executive. On the contrary the specie circular was calculated and expressly intended to operate as a check upon both, which it effectually did. Admitting then all the embarrassment which could possibly arise from those causes, (and after all their effects must be developed in persons, not in sovereign States), we find in them a cause only for a small share of the distress among isolated individuals, and even that cause unconnected with the policy, "past or present" of the General Government, not, as his Excellency would fain have us believe, attributable, in any manner of degree, to that policy. This individual distress, though to be regretted, is not that of which we are now so loudly complaining. It is not the distress, the ruin of the improvident speculator we mourn, but that which is universal, affecting alike the cautious man of business, and the reckless spendthrift which brings want alike to the professional man, the enterprising State creditor (contractors) and the hardy tiller of the soil. It is this distress, the cause of which we are now investigating, and which his Excellency by a wholesale "jumping at conclusions" finds in Washington City. . . .

Most of our individual, all of our State embarasment is attributable immediately to the enormous interest which we are compelled to pay upon money borrowed, and money unavailable, *or lost.* We find our total annual interest for money borrowed for the "system" to be, 301,600 dollars; of this about 107,700 dollars is paid upon principal unavailable, much of which has gone to the tomb of the Capulets, lost, irrecoverably lost, and we have the encouraging prospect of the annual payment of interest upon it for 22 years; thus annually paying a sum of interest exceeding by near $20,000, the entire cost of our State Government and Judiciary, the principal of which we have not, and may never have the benefit. This borrowed money and *money which was to have been* borrowed, but unfortunately *is* lost, was negotiated for the construction of a *glorious* system of internal improvement, concocted in 1835, matured in 1836, recommended by his predecessor, supported in all its ultraism, its simultaneous progression by his Excellency himself. Without now seeking to know or caring with what particular political party this system originated, we do know (and this is all we care to know in the present inquiry) that the Governor and his friends acting with him, insisted in 1836-7 and 8 upon keeping this system as it was, all the works progressing at one and the same time, crying down all efforts to bring it within the means of the State by classifying; their motto was "pull not up a stake, nor change a stake;" as it is, so let it remain. . . .

This money so negotiated, that part at least which has been obtained, was expended in strict accordance with the then ruling party's views. They would appear to have designedly selected places for operation the most remote from each other, and from any connecting link which could make them useful. . . . Yet upon the money thus squandered . . . we are paying annually and must pay for 22 years 301,600 dollars interest in addition to $82,000 to superintend and prevent these *splendid* works from going to decay! . . . By whose fault, whose want of capacity was the principal upon which this interest is paid lost to the State? According to the Governor's logic it must have been the fault of the General Government, but according to the "facts and evidences" in the case and to the dictates of common sense, it must have been his, and that of his blind party satellites. The fund commissioners are officers of his recommendation, aye! of his creation, and as such he is indirectly accountable for any malfeasance in office, any neglect of duty of which they may be guilty; and more especially is he accountable, strictly and directly, for any want of capacity which they may display, it being his undoubted duty to select individuals of whose ability to discharge the duty devolving upon them there could be no reasonable doubt. Has this been done? Let the ruined credit, the broken faith, the unpaid debts and unfinished works of Indiana answer. . . .

Candor is a commendable feature in the character of all men, and more particularly of those in high public station, when treating of public measures. A greater display of it in his excellency's message would probably have expedited legislation and certainly saved his motives from the imputation of selfishness, and a studied effort to conceal the consequences of the mal-administration of State affairs by himself and his official friends. Without presuming to dictate a course to any public officer, we suggest that it would have been more consonant with truth, with justice and with that mutual confidence which should ever subsist between the executive and legislative branches of a republican government, for his excellency to have candidly admitted the causes of our distress, and given us the aid of his knowledge and experience in recommending the remedies. Sorry are we to observe a disposition manifested so directly the reverse of what the legislature and the State had a right to expect of its ruler; a disposition to shun the responsibility of his own acts and those of his party friends, to paint the *consequences* in glowing colors, but conceal the *causes,* or disingenuously point to others entirely foreign.

G. N. Fitch, Chairman[2]

Report of House Committee on Agriculture[1]

[January 31, 1840]

The committee on agriculture, having been instructed by a resolution of this House to report a bill providing for some efficient mode of encouraging the manufacture of salt, iron, silk, and sugar from the sugar beet; and to inquire into the expediency of establishing an agricultural school, or college, for the benefit of

[2] Graham N. Fitch (1809-92), a Democrat, was serving his second term as representative from Cass County. He was a presidential elector on the Democratic ticket in 1844, 1848, and 1856; was elected to Congress in 1849 and 1851, and to the United States Senate in 1857. *Biographical Directory of the American Congress,* 1060. Other members of the committee were Amos Lane (Dem.), Elwood Fisher (Dem.), Samuel Judah (Whig), and George W. Cutter (Whig).

During the discussion in the House of Representatives on concurrence in the report, a number of speeches were made by members of both parties. These were printed in part in the Indianapolis *Indiana Journal,* January 27, 1840 ff.

Samuel Judah, leader of the Whig minority, took exception to the statements in the report and the conclusions drawn therefrom. He denied that the nearly $43,000,000 which Indiana had received from the Federal government in land and money was gratuitous. Much of the estimated value of the land, he contended, was due to the labor of, and improvements produced by, the people of Indiana. And the Federal government itself had benefited from such land grants as that for the Michigan Road, since public lands lying contiguous to such an improvement sold for a higher sum than they otherwise would.

Also, Judah pointed out that the report assumed that only Indiana was suffering from economic distress and that it was due to Whig mismanagement, whereas the truth was that other states were experiencing similar difficulties and the cause lay beyond state boundaries. Neither was it true that through the mismanagement of the fund commissioners the state would be paying interest on three million dollars which she had never received and might never receive. Indiana was not and would not pay interest on bonds until the money due on the bonds was paid. Indianapolis *Indiana Journal,* February 3 and 10, 1840; above, 327.

---

[1] *House Journal,* 1839-40, pp. 442-54.

this State, in which the science, combined with the practice of agriculture, shall be taught; also having had that part of the Governor's message relating to the State Geologist, and the following resolutions referred to them:

Resolved, 1. That agriculture, in its various departments, is the paramount interest of the State of Indiana.

2. That it has been greatly improved by legislative aid in other States, and the same can be done in Indiana.

3. That the revenue of Indiana is derived chiefly from the farmer, and therefore they have a right to direct the appropriation of it in part to the promotion of their especial interests, and the more, because their prosperity is the basis of the prosperity of all other classes of community. . . .

Your committee have had these instructions and references under consideration, and beg leave to report:

. . . .

Through agricultural societies, periodicals, legislative bounties, experimental farms, agricultural surveys, fairs, &c. &c., domestic industry has been stimulated and encouraged, and brought to act efficiently in the promotion of the common interest. Nor has this spirit been confined to the agricultural branches alone. The mechanic arts have been fostered. We draw many of our agricultural implements, as well as most articles of our wearing apparel and tools for carrying on the few work shops we have, from the eastern and middle States, while we are dependent upon foreign countries for our finer kinds of apparel. Thus dependent upon foreign sources for all our supplies, is it reasonable to suppose we can prosper with our wretched system of farming? And with the natural barriers to the transportation of our scanty supplies, which render us unable to meet either domestic or foreign competition, how is it to be expected we can meet the vast demands for all our importations, and pay into the national treasury at the rate of eight millions of dollars in five years, for the purchase of public lands, to say nothing of the interest on our State loans? It is impossible. What then is to be done? Shall we rely upon banking operations for the *creation of values!* Such was never the design of banking institutions. Shall we resort to foreign loans? If it were in our power to negotiate further loans, they would only add to our burden. Shall we abandon our internal improvements? They have never [*sic.*] operated as a drain upon our circulating medium. Millions have been expended in their construction, which have vanished from our grasp. Where are *these millions,* and those other millions of dollars which have been brought into our State by emigrants, for our exports, &c. &c.? Let our immense importations of manufactured articles, and our enormous purchases of public lands answer.

That the domestic economy of this commonwealth is radically wrong, the present depressed state of commerce and of our finances fully establishes. With evidences of abundant supplies at enormous prices, with inexhaustible beds of iron ore, we import nearly all we consume. With the best soil and climate for the production of the sugar beet, we import a greater portion of the immense amount we consume; and here, where the mulberry can be cultivated in perfection, we send abroad hundreds of thousands of dollars annually for the convenient and now almost indispensable article of silk. For these articles alone, many millions are drained from our State yearly, to say nothing of the common kinds of manufactured articles that enter into the list of our daily consumption, and turn the balance of trade so largely against us.

. . . your committee conceive that the time has fully arrived, and now is, when that clause of the constitution which provides that "The General Assembly *shall,* from time to time, pass such laws as shall be calculated to encourage intellectual, scientific, and agricultural improvements, by allowing rewards and immunities for the promotion and improvement in arts, science, commerce, manufactures, and natural history; and to countenance and encourage the principles of humanity, industry and morality," is imperatively binding upon this General Assembly to act decidedly and efficiently.

Your committee are not ignorant of the fact, that some who conceive the word *economy* merely imports that niggardly principle which actuates the miser, and prevents him from providing the necessary raiment and subsistence for his body, are opposed to legislating on these subjects—that some in their zeal to guard the treasury, have urged that their constituents were not prepared to sanction such appropriations. But it must be conceded that the farming and manufacturing classes, compose the great majority; and that they are the greatest consumers of salt, iron, &c. &c. It therefore seems inconsistent to urge, that while they cheerfully pay their proportion of taxes to sustain such measures as tend to benefit the commercial and other interests of the State, they should be opposed to permitting the merchant, the lawyer, the doctor, and the speculator to pay their proportion of a tax to benefit the agricultural and manufacturing interests.

Another objection has been urged, that if the manufacturing of salt and iron would be *profitable,* this is a sufficient inducement to individuals to enter upon their production without the further inducement of legislative action and encouragement. However plausible, this objection will not bear the test of scrutiny. Many enterprises may be undertaken, unprofitable to the individuals who may embark in them, which are yet profitable to the State. . . .

Indeed it is deeply to be regretted that the profits upon land and commercial speculations have been such as to render other enterprises, especially manufacturing, less attractive, and less reputable in the opinion of many, than they should have been.

The absence of any statistics . . . renders it impracticable to make exact estimates; but it is quite certain, that there are not less than three hundred and fifty thousand barrels of salt imported into Indiana annually—this at the average value of five dollars per barrel amounts to *one million seven hundred and fifty thousand dollars;* a large amount to be sent abroad annually for only one article of consumption. . . . It is an article however that we cannot do without, and something ought to be done to encourage these patriotic citizens, who have made a beginning in the production of that article, or it is possible this tribute will have to be paid by Indiana to her sister states for many years to come.

There are abundant evidences that salt water can be had in abundance within our State, and already in the region of Coal Creek, Salt Creek, and the Big Vermillion, salt of a good quality is manufactured. But the want of capital in some instances, and the fact that this article is now furnished by monopolizing companies, possessed of sufficient capital to regulate the market for this article as they please, rendered it impossible for some and hazardous for all who do not possess equally large capitals, to make large investments in its manufacture. . . .

Iron is another indispensable article. It is imported into our State, taken in all its forms, to a much greater amount than the above estimate. Mishawaka, in St. Joseph county, near Clinton in Vermillion county, and in Rochester, Fulton county, the manufacture of iron is already commenced. Sales of that article have been already made at some of these works at forty five dollars per ton. Here is a balance of one hundred per cent. in favor of manufacturing a home supply. But this is not all—our State abounds in iron ore, forests, coal banks and water falls. While these remain unoccupied, and while we import our supplies, these resources profit *us* nothing, yet we are paying others for their iron ore, the fuel and machinery, used in draining it from the ore, as well as the water or steam power, the labor employed, and an interest on the capital invested, and a round profit upon the whole, in addition to a high price for transportation from the place where it is manufactured, to the store in our own State where it is retailed. . . .

. . . .

Your committee are well aware that political demagogues and croakers, who are unwilling to discourse on anything but the exchanges on New York and London, are disposed to discourage and ridicule the idea of raising silk in America, and denounce it as one of the humbugs of the day. But similar individuals have discouraged every important enterprise that has been undertaken by the American people. The great New York canal was denounced as the "big ditch." . . .

In 1737, the first half bushel of rice was introduced into South Carolina at which time the idea of its ever becoming a staple article was considered altogether chimerical. . . . Still more striking is the history of cotton. In 1798 it was first mentioned in Congress . . . as an article worthy of encouragement and likely to become a great staple—that too was denounced as a great humbug by those who were selling the most flimsy French muslin at from 50 to 75 cents per yard, yet in less than forty years it has in a single year furnished $63,240,100 worth for exportation, besides the immense amount consumed by our own factories. . . .

Your committee are clearly of the opinion that if the silk culture is fostered as it ought to be, that in less time than we have named, its products will equal that of cotton.

. . . .

The production of SUGAR, from the *sugar* beet, your committee are of the opinion, would have a tendency greatly to promote the interest and independence of our State. Sugar is an article that enters into the consumption of every family.

In many portions of our State, nearly all the demand is supplied from abroad. This draws from our circulating medium hundreds of thousands of dollars. There are, it is true, forests of sugar trees, in some parts of our State, but with the best arrangement that can be made, the manufacture of sugar from these, is a precarious and slavish undertaking, and can only be performed at a certain period of the year, when the whole attention of our citizens should properly be directed to the preparations for the planting of their spring crops. . . .

Not so with the production of sugar from the sugar beet. The climate and soil of Indiana are most congenial to the production of this valuable root. Every advantage to be derived from the use of labor-saving machinery in its manufacture, can be rendered available. No exposure need be incurred, and the supply may be rendered equal to any demand that may ever exist. . . .

In compliance with that part of their duty, devolving upon them by the reference of "that part of the Governor's Message relating to the State Geologist," your committee beg leave to say:

That the evidences of the great advantages derived by the State from the geological survey, so far as it has progressed, are such as to carry conviction, that it would be in their opinion impolitic, even under the present depressed state of our finances, to permit the survey to cease, with the services of the late talented and scientific individual employed by the State on that service. The great mineral wealth brought to view by his researches, in the sections of our State where his labors were performed, are of too great importance to those sections, to permit the amount expended to be considered an objection to pursuing the survey, especially when it is taken into consideration, that the unexplored parts of our State afford equal evidence of mineral wealth, to those which have been surveyed. Justice, also, to the citizens of the unsurveyed portions of the State, who have borne their proportion of the expenditures already made, dictates that the survey should be carried on to its final completion.

The agricultural, manufacturing, mineral, and commercial advantages of our State, being those upon which our citizens of every class must rely for permanent temporal advancement, your committee cannot refrain from an expression of their opinion, that these should be considered as inseparably connected. That every measure which wisdom may dictate, should be adopted to improve our agriculture—to discover and draw forth our mineral deposites, and convert them to practical use, to build up manufacturing establishments, and to afford facilities to our commerce. By fostering all these enterprizes, they serve as mutual auxiliaries to each other in rewarding the laborer, and in rendering the people of any commonwealth independent of foreign influence. Whereas, a dependence on one or two of these resources only, cannot fail to curtail that prosperity which a community, possessing all these advantages, have a right to aspire to.

But where communities possess a part of these advantages only . . . [they] should adopt every measure to improve them. Indiana, happily for her citizens, is in possession of them all; and when it is taken into consideration, that her improvements in agriculture, and extensive commercial transactions have grown up in less than a quarter of a century, under the most embarrassing circumstances, who can doubt, that if her present means are brought into proper action, every cloud will be swept away, and she will career onward to her high destiny, in despite of foreign or domestic competition.

For years, however, the manufacturing interest of Indiana has been depressed, by the operation of not only her commercial, but her banking capital. The individual engaged in commercial transactions, has been enabled to loan money from the banks, which united with his own capital, he could lay out in the manufactures of eastern workshops, and have them on his shelves exposed for sale, all ready for use, in thirty or forty days. This would give him time to sell a portion, and with the avails meet the first instalment on his note in bank, at the end of ninety days. But it would prove a ruinous business for the manufacturer to loan money and to go abroad for raw materials to carry on his business. He could not return with the raw material in time to *manufacture* his wares, and have them ready to compete with the eastern workshops, exposed upon the shelves of his neighbor, and consequently could not avail himself of his first sales in time to meet his first instalment. The effect has been to encourage the eastern mechanic and manufacturer to stay at home, and monopolize the trade of Indiana, instead of removing hither, to aid in drawing forth her dormant resources, and shaping them to supply the wants of her citizens.

The subject of an agricultural school or college is one of vital importance, and one that should receive the mature and deliberate action of this General Assembly. It has occurred to your committee, that a distinct professorship, in our present State University, might be advantageously appropriated to the instruction of such as might attend, in the theory as well as practice, of rural economy in its various branches.

. . . .

A professorship of agriculture might derive great advantage from the chair of chemistry in that institution. This science is every day penetrating some of the hidden laws of nature, and tracing the useful purposes to which they may be made subservient. Agriculture is a field on which it has already begun to shed its rays, and on which it promises to do much towards unveiling the processes of nature, to which the principles of agriculture are related. . . . It would also greatly assist this plan of agricultural instruction, to place under the superintendence of the professor a small farm, to be cultivated as a pattern farm, illustrating a system at once profitable and improving; not only bringing to the test new modes of culture and management, but introducing new plants and animals deemed worthy of experiment. . . .

Your committee are therefore of opinion that the most munificent policy should be pursued to change the present order of things. That such laws should be passed as will induce the creation of values at home, for the supply of our home necessities. And that this may be done understandingly, and as agriculture is the grand basis upon which the manufacturing and commercial interests are founded, that such appropriations should be made as will enable the Indiana State Board of Agriculture to carry into effect the duties assigned them by the law authorizing their organization. That in addition to this, an agricultural department and an experimental farm be annexed to our State University—that further and adequate appropriations be made to enable agricultural associations to award suitable premiums for agricultural products and manufactured articles—that our geological survey be continued; a bounty on salt, iron, sugar from the sugar beet, and silk manufactured from cocoons the product of this State, be awarded.

Your committee would also respectfully call the attention of this honorable body to the subject of taxing the labor of the farmers of our State by taking their improvements into the valuation of their lands. This most evidently has an unequal and injurious bearing upon the pioneers of our land, who have braved every hardship to bring their possessions into a productive state, and who by their patient toil are drawing values from the soil for further taxation; thus creating a revenue for the treasury, while a swarm of non-resident speculators have monopolized large bodies of land, and placed so high a value upon it, as to drive emigrants through our fine country to the far west, who, were it not for these speculators, would have settled amongst us, and by the addition of their wealth, lightened the burdens of those who are resident tax payers. These monied speculators reap much advantage from the rise of property consequent upon the improvements of the country. These improvements are the results of the labors of the resident farmers. And your committee are at a loss to discover any principle of justice or good policy in taxing men for their labors which enrich others, while they are permitted to escape taxation on account of their want of industry and enterprize. No sooner is a field cultivated than it begins to deteriorate; and no sooner is a house, barn or fence constructed, than it begins to decay; it therefore appears unequal to tax those while adjoining tracts of land are valued much lower, in consequence of the absence of these improvements, and taxed accordingly. Your committee would therefore suggest the passage of a law decreasing the tax upon improved farms and increasing that upon wild lands, so as to equalize this item of revenue.

. . . .

Had our agriculturalists been induced to improve their flocks, and produce sufficient wool to supply a competent number of factories to supply us with cloths—had these millions, after being paid out for labor to construct our public works, been expended in the construction of productive machinery, and in the improvement of our agriculture, instead of being invested in commercial and land speculations, long ere this a sufficient amount of values would have been created within and brought to our State by emigrants to have filled our treasury to such an extent, as to enable us to progress with all our public works, independent of foreign capital.

Say, for instance, that we now import fifteen thousand tons of iron, at ninety-five dollars per ton, . . . and we send

abroad	$ 1,425,000
We import three hundred and fifty thousand barrels salt, at $5 per barrel	1,750,000
For silk	1,000,000
For sugar	250,000
For cloths, satinetts, jeans, &c.	150,000
And we have sent abroad annually	$ 5,925,000 [$ 4,575,000]
This amount for six years would be	37,350,000 [27,450,000]
Add to this eight millions expended for public lands	8,000,000
And we have the sum of	$45,350,000 [$35,450,000]

More than enough to pay off the debt of the State, complete our internal improvements, and pay for the labor that would have produced all these supplies from our own materials.

It will be said, we cannot produce these articles. Be it so; let us look over the immense catalogue of our importations, and we will find more than enough articles that we could have manufactured to make up double the amount we could have produced of those enumerated. And in addition to this, let every stock raiser convert his scrub cattle into Durhams, his scrub hogs into Berkshires or Byfields, his scrub horses into good blooded animals, and we have a creation of values to a greater amount than will release the State from her embarrassments.

Again, let such a system of cultivation be adopted by our farmers on the lands now improved within our state, as it is practised in Europe and some of the Eastern States, and we will produce an annual amount in grain, grasses, roots, &c. over that we now produce, enough to relieve our state from its indebtedness.

In other States and countries this state of things has been greatly facilitated by legislative encouragement. The framers of our constitution perceived the necessity of legislation on these subjects, and therefore enjoined it upon the General Assembly; and in accordance with that injunction, I have been directed to report the following bills.[2]

L. G. THOMPSON, Chairman

---

[2] The bills were: (1) to amend the act incorporating agricultural societies; (2) to encourage the raising of silk, the manufacture of salt and iron, and sugar from beets; and (3) to encourage agriculture. There was no further action on the bills and their contents are not known. Two private companies were incorporated at this session for the manufacture of silk: the Bartholomew County Silk Company and the Patriot Silk and Trading Company, each with a capital of $100,000. *Laws of Indiana,* 1839-40 (local), pp. 95-98, 107-8.

The only encouragement offered to agricultural societies was that contained in a joint resolution requesting Indiana's senators and representatives to use their exertions to extend the franking privilege to presidents and secretaries of agricultural societies, and to exempt from payment of postage all paper and periodicals, the columns of which were devoted exclusively to agricultural, mechanical, or manufacturing interests. *Ibid.,* 247-48.

Wallace: Nomination of Fund Commissioner[1]

EXECUTIVE DEPARTMENT,
February 8, 1840

HON. DAVID HILLIS, President of the Senate:

SIR—I nominate, for the confirmation of the Senate, Isaac C. Ellston of Montgomery, to serve as fund commissioner in the place of L. H. Scott, Esq., resigned.[2]

DAVID WALLACE

Report of House Committee on the State Debt[1]

[February 12, 1840]

The select committee to whom was referred sundry resolutions of this House, directing them to make a plain and full statement of the public debt of this State; the object for which the several loans have been contracted; the purposes to which they have been applied; the amount which has been received; the balance yet

---

[1] *Senate Journal,* 1839-40, p. 308.

[2] The nomination was tabled, no doubt due to the fact that a bill was pending to dissolve the Board of Internal Improvement, the board of Fund Commissioners, and the engineer department as then constituted. As passed and approved on February 24, 1840, the bill provided for a new board of public works composed of the president of the former board (Noah Noble) and the chief engineer (Jesse L. Williams), and a new board of Fund Commissioners consisting of Milton Stapp and the treasurer of state. *Laws of Indiana,* 1839-40 (general), pp. 51-52.

There had been considerable discussion during the legislative session on making the office of fund commissioner elective by joint ballot of the two houses of the legislature. Senator George B. Thompson said the Governor had failed miserably in choosing competent men as commissioners; that any boy of eighteen would know that the law did not authorize them to sell bonds on credit; and by taking the power of nomination from the executive, the legislators would be striking at the root of the evil. If the measure had passed, Thompson planned to call for the removal of the present commissioners in order to open the way for the election of more competent men. Indianapolis *Indiana Journal,* December 20, 1839, January 3 and 13, 1840.

---

[1] *House Journal,* 1839-40, pp. 783-90.

due the State; the names of the persons and institutions from whom money is due; the amount from each respectively, and the securities; together with the actual value of all the property acquired by the State, in payment of bonds sold; and the amount of money advanced by the branches of the State Bank of Indiana, for the prosecution of the system of internal improvement, beyond the amount provided by the fund commissioners for that purpose; what effect such advances have had upon the present pecuniary embarrassments of the State; and to what extent it has affected individual enterprise by cutting off the usual accommodations for the ordinary transactions of business, have had the same under consideration, and directed me to make the following Report:

That, in the opinion of the committee, the first great error committed by the fund commissioners, under the direction of the board of internal improvement, was in parting with the bonds of the State on time, to institutions of doubtful and questionable solvency. This policy was adopted, as your committee is informed, by Dr. Coe, late fund commissioner—to use his own language: "For the urgent reason that the board was not authorized to make loans at a higher rate of interest than five per cent., and after sufficient trial it was found that no loans could be made on those terms, unless the bonds were sold on a credit, and the engineers and assistants, who had surveyed the public works, were at that time retained at great expense; while the board of internal improvement, having no funds, were unable to put any work under contract until a loan was effected."

Thus it will be perceived that the first loan for internal improvement purposes, was made in violation of law, (for there is no authority for selling the bonds of the State on credit,) and all the subsequent sales have been made in accordance with that practice. The reason assigned by the late commissioner for this violation of law, and departure from sound and prudent policy, was the urgent necessity for the immediate commencement of the *"glorious system."*

The great anxiety to commence the system and urge it forward, before the people of the State should become acquainted with its extent and the burdens it would bring upon them, is to be attributed the embarrassed and deranged condition of the financial affairs of the State.

The whole amount of State debt is $10,064,000, as will appear from the following statement obtained from the fund commissioners.

Bonds of the State of Indiana executed and disposed of by the fund commissioners.

1832.	On account of Wabash and Erie canal	$ 100,000 00
1834.	On State Bank	500,000 00
1835.	On Wabash and Erie canal	605,257 42
1835.	On State Bank	890,000 00
1836.	On Wabash and Erie canal	241,742 58
1836.	On general internal improvement system	850,000 00
1836.	On Lawrenceburgh and Indianapolis R. R. Co.	100,000 00
1837.	On Wabash and Erie canal	380,000 00
1837.	On general internal improvement system	1,650,000 00
1837.	On Lawrenceburgh and Indianapolis R. R. Co.	121,000 00
1838.	On general internal improvement system	1,800,000 00
1839.	On Wabash and Erie canal	400,000 00
1839.	On general internal improvement system	1,632,000 00
1839.	On State Bank	500,000 00
1839.	On 4th instalment of surplus revenue	294,000 00
	Total	10,064,000 00

The above statement does not include the $500,000 bank bonds to be returned by the Morris Canal Company, or the $455,000 conditionally sold to the Indianapolis and Madison Rail Road Company. Nor does it include the debt due contractors, supposed to amount to one million and a half of dollars; nor the debt due the State Bank for advances made on the public works last spring and summer, amounting to $529,453 09, which would make the State debt amount, in the aggregate, to the sum of $13,148,452 09, of which amount, the interest on $8,114,000 and on $1,600,000, the debt due contractors making the aggregate $9,614,000, must be provided for by direct taxation.

The bonds issued on account of the State Bank, surplus revenue, Lawrenceburgh and Indianapolis Rail Road Company have been parted with for those several objects to an aggregate of $2,405,000 as above.

The proceeds of the sale of the balance $7,659,000, with the amount received for canal lands sold, interest, &c., amounting in all to $8,213,261 37½ are applicable to the works of internal improvement, and have been disposed of as follows:

There has been expended since the commencement of the works:

On account of the Wabash and Erie canal	$1,737,233	96
On account of the Wabash canal	294,048	23½
On account of the White Water canal	826,379	13
On account of the Central canal	1,057,485	81
On account of the Cross Cut canal	301,442	73
On account of the Erie and Michigan canal	57,301	86
On account of the Madison and Indianapolis R. R. Co.	1,109,382	48
On account of the New Albany and Vincennes road	435,104	18
On account of the Jeffersonville and Crawfordsville road	262,360	01
On account of the Indianapolis and Lafayette road	39,323	33
On account of the Wabash river	8,902	80
General incidental expenses board [of] internal improvements	31,472	45
	$6,160,436	97½
For interest on State bonds	658,085	83
Per diem, and expenses of fund commissioners, office rent, engraving bonds, &c.	11,794	45
Auditor's salary	1,007	34
Incidental expenses	22,843	43
Property received on compromise with the Messrs. Cohens and Josephs	285,536	40
Amount expended	$7,139,704	42

And there is due to the State, from Morris Canal and Banking Company ....$	815,614 46	
Bank Western N. York	240,000 00	
Erie county Bank	218,000 00	
Detroit and Pontiac Rail Road Co.	95,000 00	
Staten Island Whaling Company	58,661 00	
Binghampton Bank	71,800 00	
Bank of Commerce	48,000 00	
Bond and mortgage taken on account of Cohens debt	113,300 00	
Board of internal improvement	33,718 61	
J. Scott's estate, D. Burr's, &c.	8,915 97	
	1,703,010 04	
Deduct the amount due from the State to branches of State Bank and others	620,453 09	
Balance due the State		1,073,556 95½
		$8,213,261 37½

Securities on the Eastern debts

The debt from the bank of Western New York is secured by bonds and mortgages, and the personal liability of the members of the Georgia Land Company.

From Erie county bank, is secured by bonds and mortgages, and bonds of the bank, including a deposite of the notes of the Gallipolis bank, Ohio.

From Detroit and Pontiac railroad company, is secured by bonds of the Merchants' Exchange bank of Buffalo, and a lien upon the railroad.

From Staten Island Whaling company, is secured by bonds and mortgages, including the personal liability of each member of the company.

From the Binghampton Bank, is secured by mortgages upon real estate, and bonds of the creditors of the bank.

From the Bank of Commerce at Buffalo, is secured by a transfer of stock in one of the Safety Fund banks in New York, in addition to their own bonds.

From the Morris Canal and Banking Company, is secured by certificates of deposites in North American Trust and Banking Company, amounting to $266,000 00 and the post notes of the Morris Canal and Banking Company, amounting to $280,000 00, to secure the payment of which, and the balance due, the following collateral security is taken, viz:

1st Judgment against Long Island railroad Co.	$ 60,000
2d. Harlem railroad 7 per cent bonds	36,000
3d. 5,000 shares Beaver Meadow railroad company stock, par value each $50	250,000
4th. 1,600 shares Little Schuykill railroad company	80,000
5th. Mortgages in conjunction with State Bank on divers lots in Jersey City, said to be worth	300,000

There was due the State from the Messrs. Cohens the sum of $297,564 73,

For which the State has received upon a compromise, the following stocks and property:

1st. Bloomingdale property, being 256 lots and 128 water lots in the city of New York with a mortgage thereon of $65,000.

2d. 182 lots in the avenue in the city of New York with a mortgage thereon of 12,000.

3d. 52 lots in the city of Brooklyn with sperm factory and fixtures thereon and a mortgage of $35,000.

4th. An assignment of two mortgages amounting to $43,500 on 41 acres of land in Poughkeepsie.

5th. 751 shares of Baltimore and Ohio railroad stock.

6th. 44 bonds of the Winchester and Potomac railroad Co.

7th. An assignment of an attachment for $50,000 on 1500 shares of stock in the American Life and Trust company, 500 shares in the General Insurance company, 230 shares in the Canton company.

8th. Right, title and interest of the Josephs in the Georgia Mining company.

9th. Bond and mortgage on the banking house of the Cohens for $66,300.

To the debt originally due the state from the Cohens of $294,564 73 should be added mortgages on the above property to the amount of $112,000, and the sum of $38,851 paid by the State on instalments of stocks, making the debt $445,415 73; from which should be subtracted $5,000, the rent of the factory for the last year, and $47,080 received from the sale of railroad stock, leaving the amount a little less than 400,000.

The Morris Canal and Banking company stand indebted to the State of Indiana in the sum of $980,000 for bonds of the state purchased from Samuel Merrill, President of the State Bank, which the company has failed to pay agreeable to contract, and for which the State holds the following securities, to wit:

1st. 12,000 shares of stock in Little Susquehannah railroad company, worth at par	$ 600,000
2d. 625 shares of stock in the City Bank of Buffalo	62,000
3d. 641 shares of stock in the Planters' and Mercants' Bank in Mobile	64,100
4th. 74 shares of stock in the Bank of Mobile	7,400
5th. 50 shares of stock in the Commercial Bank of Manchester, Miss.	5,000
6th. 473⅓ shares of 500 acres per share, in a tract of 1,200,000 acres of land at the mouth of Apalachicola in Florida	236,000
7th. 40 shares in the Mississippi and Arkansas land company 22,222 acres first cost	40,000
8th. Pier and lots in Jersey City	250,000
9th. Draft on Columbus Insurance company, Ohio	20,000
	$1,285,666

The actual value of the numerous and multifarious stocks and varieties of property held by the State in security for the bonds of the State, or rather the mortgages upon the plantations of our farmers, which are now hawking about the streets of the principal eastern and European cities, like tin ware in the hands of a Yankee pedlar, your committee have no means of ascertaining, nor do they think it would be proper if it were in their power to give that information now. The known misfortunes and calamities of the country are enough for the present. They are sufficient to call down the imprecations of every citizen of Indiana, upon those whose mismanagement has brought them into this dilemma. To give the value of these stocks would be as difficult as to predict the changes of the weather for the next twenty years. The quotations by the eastern papers would give the present value of the stocks in the market. The committee cannot, however, refrain from expressing their profound regret in view of the humiliating condition in which the State is now situated, as the landlord of a soap factory; the owner of town lots and of stocks in innumerable petty corporations; and an adventurer in forty different kinds of wild and ruinous speculations.

Respecting the policy of the bank, in making advances for the prosecution of the public works, beyond the amount provided by the fund commissioners for that purpose, your committee view the interests of the internal improvement system and the bank as being closely allied. Most of the towns in the state, at which branchs of the State Bank are located, are identified with the public works, both in interest and feeling. The directors and managers of the bank, a large majority at least of them, are the friends and advocates of the system. The pride and wishes of the people in the vicinity of the branch banks, all combined to influence the branches to make advances, for the purpose of pushing the works to that point, at which it would be more ruinous to recede than to press forward. The system was brought into existence, and the consent of the people obtained to its commencement, by presenting to the country false and imperfect representations; by assuming the position that the system could be completed for $10,000,000, and that no additional tax would be required to pay the interest on the state debt. This has been in part accomplished, by paying the interest on loans with principal, thereby increasing the public debt, and deceiving the people as to the true amount of taxes, which should be collected to pay the whole of the interest on the public debt. The banks, in making the advances in question, have increased the state debt beyond what it would now be, to the amount of nearly one million and a half of dollars, most of which will be an entire loss to the state. In August last the contractors were informed by the board of internal improvement, that there were no funds on hand, and no prospect of obtaining any to meet the contracts. They were, therefore, advised to suspend all further operations on the public works, until funds could be procured. It is believed that most of the contractors would have suspended under this order, but for the aid afforded by the banks. Five hundred thousand dollars thus advanced have, in the opinion of the committee, enabled the contractors to perform labor to the amount of double that sum, which added to the bank debt, would make $1,500,000 of state debt created in consequence of the aid afforded by the bank, after the means of the state had failed, and been exhausted. The banks allege that on making these advances they acted in accordance with the policy adopted at the commencement of the system; and with the opinions expressed by the fund commissioners, that funds would be provided, as usual, to meet the payments.

The banks, in their desire to encourage the prosecution of the public works, have diverted from the ordinary business transactions of the country, near three quarters of a million of dollars, and at a time, above all others, when they should have been able to lend a helping hand to business men, and to enable the produce dealers to purchase the surplus products of the country. But, on the contrary, the banks during the months of August, September, October, and November last, withdrew from their usual and useful channel, and from their regular customers, more than seven hundred thousand dollars; threw it upon the public works: and thereby added a large amount to our already enormous state debt, the interest on which cannot be liquidated without a corresponding increase of taxation.[2] Further remarks upon this branch of the subject are deemed unnecessary as the practical effects of this policy upon the interests and business of this country, can be easily perceived by all who are conversant with the facts. And the people, although perhaps to some extent the friends of the bank, will not be slow to condemn that policy, which has contributed to bring upon young and flourishing Indiana, a general stagnation of business, universal prostration of prices; and the banks themselves, and thousands of our citizens to the verge of bankruptcy; blighted the fairest prospects of the state, crippled the energies and broken down, to a great degree, the spirits of our hitherto prosperous and enterprising people. By the connection of the bank with the system of internal improvements, and by the united influence and exertions of the friends of both, the state has been plunged into an eternal debt, and taxation and oppression have been heaped upon the people, which must descend like hereditary disease, and fasten their deadly fangs upon posterity.

---

[2] The editor of the Indianapolis *Indiana Journal* denied this statement emphatically and to prove its falsity printed a communication from the Fund Commissioners which showed that only the Evansville and Terre Haute branches of the State Bank had made payments on the public works and these totaled only $28,863.18. In addition, the Madison, Fort Wayne, and Lawrenceburg branches had paid out a total of $9,523.86 from funds deposited with them for the public works. The editor then quoted the president of the bank, Samuel Merrill, to explain the nature of the advances made by the banks for the state. Using the system adopted in Ohio, the branch banks received the loans made by the Fund Commissioners in the East and then disbursed the money on drafts presented by contractors and engineers on the various lines of public works. This method saved the state the expense of having a disbursing officer on each line and was considered much safer. Disbursements made by the banks were to be reimbursed by the state within sixty days. The transaction was not regarded as a loan. In good seasons the work performed might call for more money than the loans yielded, in which case a balance would accumulate against the state. Ordinarily this would be taken care of in off seasons when little work was being done and the loan installments would continue to come in. That was what had happened in the fall of 1839; the banks had disbursed more funds than they had on hand, expecting the balance to be taken care of in the winter months, but in this instance the loan installments had failed to come in. In Merrill's words, "the Branches acted, as any foreign banks would have done, regarding it as a business purchase of the exchange necessarily to be brought into the country by the state in disbursing in the state her funds borrowed at the East." At the November session of the board of bank directors, when it was ascertained that for the first time the disbursements advanced for the state could not be repaid with means coming into the hands of the Fund Commissioners, it was determined that the balances should be regarded as loans to the state and computed accordingly. In turn the branches concluded not to press their claims for payment until the contractors were paid. Indianapolis *Indiana Journal,* May 7, 1840.

Your committee conceive it to be a question of great and paramount importance, and one which ought to be submitted directly to the people, whether the unholy alliance existing between the bank and the internal improvement system, ought not to be immediately and forever severed. . . . Shall the fortunes of the bank and the system of '36 be embarked on the same vessel, to be stranded on the same sands, or wrecked by the same winds; to be swept from existence by the irresistible current of public indignation, now directed with unerring certainty against the latter; or shall the bank be snatched from her dangerous position, and placed again in her sphere of duty and usefulness, and be made to facilitate and serve the business of the country, in the legitimate channel of trade, rather than to sport and gambol with wild and reckless speculations, in schemes of extravagance and outrage, upon the rights and interests of the community, unequalled in the history of any country, and resulting in the utter prostration of the character and credit of the State? Shall the connection be broken and the bank saved? or shall they both sink together?

THOMAS J. HENLEY, Chairman[3]
J. I. MORRISON,
ELWOOD FISHER,
J. L. SPANN.

---

[3] Henley was from Clark County, Morrison from Washington County, Fisher from Switzerland County, and Spann from Jennings County. All were Democrats, and the first three came from counties that did not benefit directly from the internal improvement acts.

Jacob Brugh to Wallace[1]

BLACKFORD COUNTY INDIANA Feb. 26th 1840

TO THE EXCELENCY THE GOVERNOR OF THE STATE OF INDIANA

SIR My request is to know wether the sheriff's office is vacant and if so to appoint David Mercer to fill the vacancy untill the next anual Election, the following is the circumstance to wit,

The old sheriff was reelected last August and the commission from under your hand has laid in my office for near five month, and I have requested him as an officer to give his bond Twice or thrice but as such officer has yet wholy failed to do so, pleas forward the appointment or in what manner to perform Immediately and by so doing you will oblige me[2]

Yours Absent

JACOB BRUGH Clerk B. C. C.

N. B. By the request of Diverce Citizens

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Frederick Beal had been elected sheriff in August, 1839, and commissioned on August 20. He apparently served, for there is no record of the appointment of any one to take his place. He was re-elected in 1841. Record of Commissions, 1837-1845, p. 637.

John W. Wright to the Secretary of State[1]

PERU March 2nd 1840

MY DEAR SIR,

Inclosed I send you the official bond of L P Ferry Esq Pros Atty of this circuit.[2] We are all very hot in the political line. Ewing will run for the senate & C Carter for the house & we will elect them easy. We have started a new paper called the

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Ferry had been elected prosecuting attorney on December 6, 1839, to succeed Wright, who had resigned after holding the office for one year. *Senate Journal,* 1839-40, pp. 23-24.

Hornet to horn up whigery about right.[3] Dr Fitch will hardly run—he is politically morally & *tetotally* used up.[4]

A Stiff upper lip & we will go it. If I can assist you next winter—let me hear the word of command.

I am yours &c

John W. Wright

Wm. J. Brown

James W Dunn is to forward my official oath

[Addressed:] Wm J Brown Esq Sec of State Indianapolis Indiana

---

Samuel W. Parker and Caleb B. Smith to Wallace[1]

Connersville Ind. Mar. 21, 1840

Dr Sir Last evening Judge Bigger arrived in this place on his way to the Union Court—and informed us that he had sent on his commission to you resigning his judgeship of this circuit—the resignation to take place on the 29th of this instant—[2] The vacancy will therefore occur on the day previous to our court and it is of much importance that the vacancy should be filled & the Commission of the successor be here at the opening of the Court—

The Bar of this Circuit are nearly if not quite unanimous in the opinion that James Perry Esqr. should be the successor of

[3] A number of new papers were started to boost the Whig cause during the presidential contest. They were discontinued after the November election.

[4] Graham N. Fitch. See above, 399n.

---

[1] Secretary of State file, Archives Division, Indiana State Library. The letter is in Parker's handwriting.

[2] Bigger had been nominated for governor by the Whig convention on January 16. Caleb B. Smith had been active in promoting Bigger's candidacy and opposing the claims of Jonathan McCarty, another contender for the nomination. Bigger had come to Union County, Indiana, in 1829 from his native state of Ohio and shortly thereafter established a law office; three years later he removed to Rush County. After representing that county in the General Assembly for two terms, 1833-35, he was elected president judge of the Sixth Judicial Circuit and had served in that capacity since January, 1836.

Judge Bigger—such likewise, is understood to be the universal opinion of the People of this Circuit Mr. Perry is willing to accept of the judgeship under the circumstances The facts above stated you may rely upon—and our object in writing you is not only to apprise you of these facts—but to secure the appointment in time for our Court. You will therefore subserve the interests of the country by acting in this matter at the earliest moment. And it would be expedient to forward the Commission to this Post Office—

Very Respty. Yrs.

S. W. PARKER
HIS EX. GOV. WALLACE CALEB B. SMITH

P. S. We presume there will be no objection to forwarding a Commission to Mr Perry previous to the 29th but dated at that time. If it is not done, it will not reach here before the commencement of our Court

[Endorsed:] James Perry of Union is appointed President Judge, of the Sixth Judicial—vice Samuel Bigger, resigned—March 29th 1840

DAVID WALLACE

Noah Noble: Circular to Resident Engineers[1]

INDIANAPOLIS, 23d March, 1840

SIR:—The new Board, composed of the Chief Engineer and myself, held its first meeting last week. By the act dissolving the old and creating the new, the Chief Engineer is made the Acting Commissioner on the Wabash and Erie Canal, and in addition we have assigned the Erie and Michigan Canal to his charge. All the other lines being under my supervision, I hasten to call the attention of the Resident Engineers . . . to several new duties imposed by recent legislation, that will require their aid for a few weeks before we discharge the four Engineers retained by the Board last fall, in compliance with the directions of the Legislature.

---

[1] Indianapolis *Indiana Journal,* April 9, 1840.

In December last the Legislature, by a special enactment, directed the Board to make settlement with the contractors, allowing the retained per centage, and giving them certificates for the balance due, bearing an interest of six per cent.[2] By an act of subsequent date,[3] the Legislature thought it expedient to forbid the allowance of the back per centage, on [or] the payment of the balance due them, unless they will agree to suspend all operations, till the Legislature otherwise direct. The treasury notes are by law made payable to the contractors, and as the prohibition is imperative the Fund Commissioners will not pay to them nor to assignees until the condition is complied with. To avoid the inconvenience and injury consequent upon further delay you will notify the contractors to send to your office, in any form expressive of the object, a written notice signifying their assent to a suspension.

---

[2] See above, Noble's notice to contractors, January 4, 1840.

[3] This is the act for the immediate relief of contractors which became effective on February 15, 1840, without the Governor's signature (See above, 331n.) It provided for the issuance of treasury notes in denominations of $5.00 and $50, equal to the aggregate amount due contractors and others upon the public works, and not to exceed $1,500,000. One half the amount due a contractor should be paid in $5.00 notes, the other half in $50 notes. The former were redeemable in one year and were receivable for taxes in 1840; the latter were redeemable in two years and were receivable for taxes in 1841. Both paid 6 per cent interest. If and when a contractor consented to relinquish a contract, the Board of Internal Improvement was authorized to pay him any damages he may have sustained by such relinquishment "in the way of preparations for the prosecution of his contract." To ascertain the amount of damages, the board was to select one person, the contractor another, and these two would select a third, the three to form a board of assessment for that particular case. If either party disagreed with the board's finding, they might appeal to the circuit court. *Laws of Indiana,* 1839-40 (general), pp. 17-21.

In at least one instance, a case involving damages for land and materials was appealed from a circuit court to the Indiana Supreme Court. See *John McIntire* v. *the State,* in Order Book of Supreme Court, 1839-41, pp. 434-38. The higher court upheld the judgment of the circuit court that McIntire was not entitled to damages since the value of the private property appropriated to public use did not exceed the benefit accruing to him from the improvement.

The interpretation of this clause regarding payment of damages particularly bothered Noble and he apparently wrote to various members of the previous legislature to learn what meaning was intended. The replies of Samuel W. Parker and Samuel Judah are printed below under dates of April 8 and May 3.

Next I have to ask your attention to that portion of the act allowing damages to the contractors who may relinquish their work, and pointing out the remedy or manner of ascertaining them. By that provision each contractor who may surrender his contract is to receive at the hands of the Board any damages he may sustain "in the way of preparations for the prosecution of his contract." Without claiming to be correct or entirely settled in that view, I am inclined to the opinion, that the preparations spoken of in the law, mean the money expended in the erection of shantees, making roads, digging wells, opening quarries, and such other outlays as will be immovable and worthless when the job is done, but not applicable to horses, wagons, provisions, tools, and other personal property used in the actual "prosecution of the contract" and which may be removed, converted into money, or otherwise used, when the work is finished. When the question of damages was before the Legislature it was proposed to specify tools, implements, horses, &c., but was rejected, which goes far to sustain the interpretation I am inclined to give of the intention of the Legislature. Whilst some of the contractors will be content with this construction, others will insist also upon an allowance of damages for the difference between the cost and present value of wheel-barrows, axes, picks, shovels, carts, wagons, oxen, horses, beds, bedding, cooking utensils, corn, hay, provisions, stocks of goods purchased for their business, powder for blasting, and all other articles intended to carry on their work, including those on hand as well as those sold at a loss since the suspension. If the latter construction should be adopted by the Arbitrators my present impressions of duty may oblige me to take appeals to the Circuit Courts; and if my construction prevail the contractors may resort to the Courts, so that in either event it is likely the Courts will be filled with expensive suits that will not be disposed of for years to come. The unfinished contracts upon the various lines may be stated at something over three hundred, chiefly in sections of half a mile in length. . . . Assuming that each case will consume two days . . . a month's labor (of twenty-six working days) will only dispose of six or seven miles from which view it is evident the assessments cannot be completed for months to come. . . .

There are strong reasons for deprecating delay with both parties. The contractors wish to embark in other business, but cannot well do so until their settlements are complete. Many of them have on hand, at a heavy expense, from five to ten and twenty teams, and some from fifty to one hundred horses, carts, &c. upon which they demand damages. From considerations like these, and the best view I can take of the whole subject, under either construction of the act, my mind is satisfied that it will be the mutual interest of the state and the contractors . . . [to have] a preliminary estimate of the Resident Engineer. . . .

Those who only agree to suspend operations, retaining the right to go on with their work hereafter, are not entitled to damages —those who relinquish by the act give up their work to the state, and will receive damages. . . .

Should another Legislature deem it best to finish one or more of the most valuable works, the shantees, quarries, &c., to be paid for by the state, will be of some service, and it will be well for you to leave them in the care of some farmer in the vicinity who will look to their preservation.

I am called on by every mail to state when the treasury notes will be issued, whether they will be received in payment of the interest and loans from the Sinking Fund, from the Surplus Revenue, School Fund, for the Canal lands at the October sale, and also whether they will be received by our banks. It is not surprising that those deeply interested should be anxious to know what they can do with their money, and it is due to them to give all the information in our power. You may say to those who make the inquiry that one half of the emission will be engraved in Cincinnati and ready for delivery in eight or ten days, and by contract the other half will be ready in about three weeks. When delivered, with the best exertions that can be made by the Treasurer, Auditor, and Fund Commissioners, from five to six weeks will be consumed in filling in the name of the contractor, the date, and number, and in signing and registering the notes.—Enough may be prepared to commence payments the last week of April or first week in May, but the whole of the month of May will be required to complete the payments. As heretofore, the notes will be paid out, after timely notice, at the usual places upon the lines.

The notes are not receivable in payment of the loans from the Sinking Fund, Surplus Revenue, School Fund, nor at the approaching sale of our Canal lands. Many of the members of the late General assembly were in favor of receiving them for all purposes and making them payable to the state officers and to the members themselves, but the majority determined otherwise, and therefore did not so direct it by law.

As our Banks are already heavily in advance to the state, and as the amount of Treasury Notes issued will be large, I hardly suppose they would be able to take them and pay them out in redeeming their own notes sent home from the Banks of other states.—Without an explanation on this subject I may be blamed for creating expectations that will not be realized. Whilst looking to the measures of relief to be offered by the Legislature to the contractors and others, I last fall consulted some of the officers of the Branches to ascertain whether if payment should be made in small notes of our Banks and part in Treasury Notes, the Branches would agree to receive and pay out the Treasury notes, putting them on a par with our Bank paper, and in every instance I received a favorable reply. In the early part of the session such a plan of relief received the concurrence of all parties, and in reply to letters from contractors and others I gave repeated assurances that the measure would receive the sanction of all parties. But about the time I left the seat of government in January to settle with the contractors on the lines, a different complexion was given to the prospect, and the measure was rejected by the majority of the House.

For several years the Branch Banks have been in the habit of making payments on the lines for the Fund Commissioners, and at the time of the suspension last summer the state owed them some $700,000. For these advances, which saved the credit of the state and of the contractors, the House of Representatives, in the report of a committee, censured them at the late session, and no provision was made for returning the money advanced. Under such circumstances it can hardly be expected that our Branches will take in the Treasury Notes without the previous assent of the Legislature, and indeed were they to do so their remaining means to be loaned for the purchase of produce next fall would be cut off.

Respectfully,

NOAH NOBLE, Acting Commissioner

T. A. MORRIS, Resident Eng. Northern div. C. Canal & M. & I. Rail Road.

Samuel W. Parker to Noah Noble[1]

CONNERSVILLE, IND. April 8, 1840

HON. N. NOBLE,

DR SR. Yr favour of the 6th with a copy of the "Journal" in which I find ur. circular to resident Engineers, came to hand this morning—You request me to say what were the intention of myself and others in passing the bill [for the relief of contractors] & whether I think, under the act, an allowance for damages should be made for every kind of personal property on hand, as well as upon shanties, quarries &c? — Were it not, My Dr. Sr. that your letter is altogether respectful in its tone—and that I know you to be incapable of wantonly doing any thing to wound or disgrace a friend—I would take your enquiry, phrazed as it is, as a gross insult! God knows, or else I would be ashamed even to meet him—and I am rejoiced to know that the Journals of the House will shew, that *my* agency "in passing the bill" of abominations to which you refer, was altogether *negative,* and not only so, but *positively* negative. The real bill for the relief of contractors was put on its final passage, mainly, I am vain enough to believe, by my exertions, late on Saturday evening Jan. 11—and lost— Early on Monday the 13th a reconsideration of the vote on the passage was moved by that same grovelling party too, who moved to put the state revenue at 7½ cts on the $100.00 & who was in the Speaker's Chair when that flagrant outrage was perpetrated on the morning the Legislature adjourned— I mean, of course, Carlton of L.—The vote was reconsidered, when Lane got up a reference of the Bill to a Select Com. with instructions to report a bill such as that which became a law. This was all obviously arranged in Caucus during the preceding Sunday & I was dead set against the passage of the bill—But without a moments delay, Lane reported the Bill ready drawn up from the Select Committee & by the aid of the Prev. Ques. called by Henly, it was crammed down our throats, almost before we had time to swallow—[2] Under such circumstances you will perceive that my "view of the intentions" of those who passed the bill, is worth very little more than that which it might be valued at, had I not been there.

---

[1] Noah Noble Papers, Indiana State Library. An earlier letter of Parker to Noble, written April 6, described the large Whig meeting held at Connersville on April 4, and then commented, "The people are greatly incensed of the doings of the last legislature, particularly as to Int. Imps. Present the issue of Modification against the Nullification we now have, and I scarcely find or hear of a dissenting voice from the former proposition. I take it that the action of the last legislature in this behalf will eventuate in a clear loss to the state of a million & a half or two millions of dollars— And it is not difficult to explain it to the people. But the Nat. Battle is the absorbing one and ought to be. It is folly & madness to stop to cork a worm hole when the large timbers are dropping out of the bottom of the vessel of state."

I will say however that I have had occasion before to bestow some reflection upon the matter to which you refer & I have again examined the law, Your letter & Circular, and am decidedly with you in the construction you put upon the damage clause of the law. It is rather a perplexing question & the practice under it when the rule is determined, will, I fear, be still more perplexing—but I think you have been peculiarly happy & very correct in your construction and illustration of the point in question. . . . The call of the Prev. Ques. by Henly on the final passage of the bill cut off a motion of Dr. Thompson "to recommit the bill to a select committee, with instructions to incorporate a provision to pay contractors all damages which they may sustain by being compelled to abandon their contracts." If the rule you lay down were enlarged, it must be suffered to go the length of the above proposition. The word *"preparations"* itself gives character to the rule & implies the *fixings before hand,* if that phraze is allowable—& not the ordinary implements and means used in the *prosecution* of all jobs alike. In the 8th line of the 2d paragraph of your circular, I note what is supposed to be an error of the printer . . . "*on* the payment" should read "*or* the payment"—The change of a letter makes a very different case.

---

[2] For the proceedings on passage of the bill, see *House Journal,* 1839-40, pp. 245-59, 260-70.

I am very much pleased with your circular throughout. It is well conceived & very judiciously & happily presented. I do not see how you are to perform the herculean labors piled upon you. . . . A coming legislature will do you & the cause justice, or Indianians are not the people they have been taken to be, by Yr. Friend

S. W. PARKER

Robert Alexander to Wallace[1]

PARISH'S GROVE April 24th 1840

GOVERNOR WALLACE

SIR We wish to enquire if there be a law in force for the formation and organization of the County of Benton.[2] if there is such a law in force, you would confer a favor on the citizens of that County by having the papers forwarded that are necessary to carry it in to effect. Appoint Henry Robertson Sheriff & Milton Jennings Coroner. your attention to this matter is respectfully requested.

Yours respectfully

ROBERT ALEXANDER

GOVERNOR WALLACE

P S Forward the papers to Parish's Grove R. ALEXANDER

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] An act organizing the county of Benton was approved February 18, 1840. *Laws of Indiana,* 1839-40 (general), pp. 62-63. The delay in the

[Endorsed:] Henry Robertson is appointed sheriff of Benton County—& Milton Jennings Coroner. April 30th 1840 D. WALLACE Direct the writ of Election H Robinson [Robertson] Parish Grove D W

Samuel Judah to Noah Noble[1]

VINCENNES May 3, 1840

DR SIR I recd your letters, and did not answer the first, because I had no answer to give to your question. The act allows damages for losses occasioned by reason of relinquishment, on "preparations" for the "prosecution" of the contracts relinquished.—[2]

The term used is certainly very general, and I am not aware of any rule of construction by which it shall be limited to this or that sort of "preparations."

The whole is in fact a mass of Loco foco stupidity—on which I have no legal opinion to give, because the language used is not professional, gramatical or business like.

Bigger has been with us and has done well he will get every Whig vote & some more.—3 to 500 maj. in Knox and handsome majorities in Daviess, Gibson Pike &c—Posey doubtful—Dubois small Whig maj. Vanderburg large do.—Warrick small Loco Foco &c. I shall not have any opposition.—In fact the Loco leaders have too much county pride to try to beatt me.[3]

We shall meet at Sup. Court Very Respectfully

SAML. JUDAH

[Addressed:] Noah Noble Esq Indianapolis Ind

appointment of a sheriff and coroner to conduct the first election in the county seems unusual. Ordinarily those legislators who sponsored the bill for the organization of a new county made recommendations for the appointment of these officers as soon as the bill passed.

---

[1] Noah Noble Papers, Indiana State Library.

[2] The reference is to the act giving relief to the contractors. See Noble's letter to the resident engineers, March 23, 1840, above.

[3] Judah was re-elected to the General Assembly by a vote of 935 to 696 over his opponent, Andrew Berry. *Indiana Election Returns, 1816-1851,* 253.

Milton Stapp to Noah Noble[1]

MADISON May 6th 1840

DEAR SIR Yours of the 1st is before me, and I am told that one of the 2nd is on the way, but we have had no mails from your place for a few days. I shall not see yours of the 2nd as I must start this afternoon but I have counted [?] it to be forwarded. Lanier got home last night.

I leave our road in your hands.[2] I have made John King the agent to pay off estimates hereafter made. I hope you will be here soon and converse with him freely. he is one of the company that purchased our bonds. You can rely on him in every particular. The contractors will mostly transfer their estimates to their creditors, so that almost the whole of this line . . . will be paid off in treasury notes. This I look upon under the law as a new appropriation or rather having nothing to do with the $400,000 appropriation, so that the $400,000 will grade the road to Edinburgh, & purchase the iron to Columbus or nearly so. I hope you will without delay authorise the company to purchase Iron they can do it with Bonds and it is better for them to do it than for you to do it yourself

The contractors are doing very well so far as heard from (except Abram Hendricks he is very stubborn) we have given him too much money I gave him $3000 a few days since thinking it would have the effect to soften him but it has made him worse He shall not have another dollar with my consent until he comes unto the arrangement to take state bonds. The company will loose $40,000 by the Seneca [?] County Bank, and they must make up a part at least of that loss on other bonds or on the work. The contractors can well aford to take five per ct bonds at par on their contracts if they cannot let them sell out to the company. Elder of your town asks $500 for his contract. this must not be it will blow the road sky high. they must all take the bonds as proposed to them or give up their contracts to this company or we are gone. It behooves every one of you then to be using your exertions to bring about this matter

---

[1] Noah Noble Papers, Indiana State Library.

[2] The reference is to the Madison and Indianapolis Railroad. For earlier references to the company formed to continue with the construction of the road, see above, 274-75n.

I want you to be present at the payt on our line. King will be there, and it must be worked right, Very respectfully

MILTON STAPP

[Addressed:] Noah Noble Esqr Indianapolis Indiana

William S. T. Morton *et al.* to Wallace[1]

CENTREVILLE IND. 22 May 1840.

TO HIS EXCELLENCY DAVID WALLACE—

The undersigned would respectfully state to you [r] Excellency that Nathan Smith was elected for this county a State Senator one year ago last August— That he has served as such two sessions, which leaves one session before his term would expire by law— That even previous to the meeting of the last Legislature himself, and family left the county of Wayne moving away with him with his goods and chattels of every description. That immediately after the rising of the Legislature on the contrary from returning to his senatorial district himself and family, and goods left for the State of Illinois, in which state we understand that he has purchased land, and built a house, where we suppose he is now living. That two large, and respectable conventions have been holden in the county of Wayne one on each side of the Great National question of Next President, each of which have nominated a candidate for the office of Senator to supply the vacancy occasioned by the removal of said Nathan Smith— That we believe said office is vacated by said removal, and for the purpose of testing said question at the next session of the Legislature we respectfully request your Excellency to issue a writ of election to fill said vacancy—

---

[1] Secretary of State file, Archives Division, Indiana State Library.

Respectfully &c—

WM S T MORTON
R L SHAW
JOHN S. NEWMAN
LOT BLOOMFIELD
SAML HANNAH
JAMES FORTNER
ISRAEL ABRAHAMS
JOHN JEMISON
WM. EVANS
M M RAY
BASSET WEST
M. SEATON
JOHN E. DUNHAM
ABEL EVANS
THOS. MANNING
GEORGE M. EVANS
MARLIN GREGG
SAMUEL DELONG
WASHINGTON HARRIS
M. L. HORNISH
WILLIAM COMMONS
JOHN WINDER
JOHN PRICHET
WALTER PAYNE
ROSWELL EHNIST [?]
DANL STRATTAN
A RICHARDSON
MARTIN HORNISH

STATE OF INDIANA } Ss
WAYNE COUNTY }

I, John Finley, Clerk of the Wayne Circuit Court certify that the signers to the foregoing Memorial are respectable citizens of Wayne County Indiana, and that I believe the matters and things set forth in the same, are true and correct

Witness my name and the seal of said Court May 22d A. D. 1840

JOHN FINLEY, C.W.C.C.

[Endorsed:] Order a writ of Election as within requested—May 20th 1840 D WALLACE Issued June 1st 1840[2]

---

[2] Charles H. Test was elected.

Noah Noble to Nathan B. Palmer[1]

INDIANAPOLIS, June 23, 1840

N. B. PALMER, Esq. Fund Com'r.

SIR— The editorial paragraph I now lay before you, is cut from the Democrat of the 13th of this month, edited by Bolton and Pattison. Some ten days having elapsed without any correction being authorized by your Board to free the "Madison Company" from the imputations of the Editors, others are ready to believe them to be true, on the ground that you were consulted and assenting to its publication.[2] Having no inducement to countenance a statement so injurious to your own friends, and others, with whom you long resided at Madison, no doubt you must have overlooked the assault made upon them. Intending to offer an article for publication in the Democrat, placing the State Board, and other questions connected with the Rail Road, in a correct point of view, I have concluded to call your attention particularly to the allegations brought against the "Madison Company." I am the more disposed to call for information, because the charges made against the holders of the bonds, are reiterated by one, at least, of the candidates for the House of Representatives, in this county.

If I correctly recollect the report of your Board to the legislature last winter, Gov. Hendricks, John Woodburn, (late commissioner,) George Leonard, and the Messrs. King, were the purchasers of 455,000 dollars of five per cent. Rail Road bonds, at a price which made them equal to six per cent. bonds. Whether this "Madison Company," as stated by Bolton and Pattison, have sold large sums of the bonds for large profits, since the adjournment of the legislature, I have no means of ascertaining, nor do I know the reasons the editors have for exciting public apprehension of a loss being sustained by the state. Gov. Hendricks and Mr. Woodburn are known to be the wealthy members of the concern, and the others are said to be rich and of spotless integrity. Gov. Hendricks, in my opinion, would not associate himself with this company and suffer them, if disposed, to defraud or fleece the state, nor, if rightly estimated heretofore by the people, would he either use, or allow others to use, in private speculation, the funds properly belonging to the state. If it be true, however, the public interested ought to know it, and I will thank you to state whether you have reason to suppose that the company are applying the money belonging to the state to private speculation; and whether you have any reason to apprehend a loss to the state from the sale of bonds to them.

---

[1] Indianapolis *Indiana Journal,* July 18, 1840.

[2] The editorial, entitled "More Whig Financiering," claimed that the Madison company had sold the state bonds in New York at a large profit yet had not paid over to the state any of the money; also, that work on the Madison and Indianapolis Railroad was suspended, while the company was engaged in heavy commercial operations and speculations. Putting two and two together, the editorial questioned whether members were not using company funds for private speculation. Noble pointed out that the Board of Internal Improvement could do nothing until it was notified by the Treasurer of State that funds were available. *Ibid.* Palmer's reply to Noble's letter follows.

I am most respectfully, Your ob't servant,

N. NOBLE

Nathan B. Palmer to Noah Noble[1]

INDIANAPOLIS, 24th June, 1840

GOV. NOBLE—

SIR: Your extraordinary note of 23d inst. has been handed me by your son-in-law, Mr. Davidson. I shall reply briefly, but first premise, that I have other engagements more important to the public, and more in consonance with my public duties, than that of attending to political paragraphs put forth in the public papers. I leave this to such as have leisure to hunt up political capital from such sources.

I have no concern or connexion with the "Indiana Democrat," or its editors; nor have I consulted with, or advised them either directly or indirectly in relation to the subject of which you speak.

---

[1] Indianapolis *Indiana Journal,* July 18, 1840. See above, Noble to Palmer, June 23.

I have the fullest confidence in the integrity and honorable bearing of Messrs. Hendricks, Leonard, King and Woodburn, and doubt not the ability of those gentlemen to defend themselves from newspaper and other assaults.

I have no knowledge of any change in relation to what is called the "Madison Company," or the bonds they purchased of the State, since the rise of the Legislature, or since I came into office as fund commissioner. All and every arrangement or compact between the Madison Company and the Fund Commissioners which has been made in relation to the sale of bonds or otherwise, was transmitted and entered into before I had any connection with the office of fund commissioner. And as Genl. Stapp, (on account of my engagements in regard to the issue of treasury notes,) agreed, to attend to that matter, and the payment of our July interest east, it could not be expected that I should devote much time to those duties assigned by agreement to my colleague.

I am not responsible for the "reiteration of charges by a candidate for the Legislature in this county," nor am I answerable for the newspaper paragraphs, whether true or false, which are becoming so intemperate and abusive on both sides.

In consequence of the inadmissible assumptions of some portions of your note, I deem it proper to say that I do not recognise the right of any person to interrogate me in relation to such newspaper articles, unless it be alleged that I have had some agency in their production.[2]

In haste, very respectfully yours,

N. B. Palmer

---

[2] Noble's comment on Palmer's letter was that as Fund Commissioner his office was the proper one to address for information. If the Madison company had failed to pay over to the state the money received on bonds sold in New York, Palmer should bring suit. However, he was convinced that Palmer's story was false, and "intended to provoke the disgust and prejudice of the public toward innocent and other persons than the company." Indianapolis *Indiana Journal,* July 18, 1840.

The Fund Commissioners, Palmer and Stapp, in their report to the General Assembly on December 11, 1840, denied that members of the company had done any speculating in state funds. Up to that time, the company had received $221,000 in state bonds, almost all of which had been paid out to contractors. See *Documentary Journal,* 1840-41, Senate Doc. No. 3.

Wallace to Daniel Sigler[1]

INDIANAPOLIS, July 9th, 1840

DEAR SIR:— Yours of the 6th inst., has just been received; and in answer to the several interrogatories contained in it, I have to say that at the time of the passage of the bill establishing a general system of internal improvements in Indiana, I was President of the Senate, and Austin M. Puett of Parke county, and yourself were Senators. That when the vote was taken on the final passage of this bill, you and Mr. Puett were seated side by side, at the same desk. That Mr. Puett's vote in favor of the bill, created much surprise in the Senate, because of his decided and almost rancorous opposition to it in nearly all its previous stages.

Shortly after the bill had been announced from the Chair as having passed, and before either of you left your seats, I distinctly recollect seeing Puett hand you what I supposed to be a letter—you opened it—read it, and handed it back to him. Of the contents of this letter I know nothing, not having myself read it. Immediately after the adjournment of the Senate, I met Puett, I think, in the lobby of the Senate Chamber, and upon asking him what had affected so sudden and wonderful a change in him as to induce him to vote as he did? His reply, as near as I can recollect, was, amongst other things, that he had received a letter from General Howard, advising him to do so, (that is, vote for the bill,) observing to me at the same time, "you know, that the character and standing of Gen. Howard is such that he would not mislead me as to the views and feelings of the people of Parke county." Either the same evening, or at farthest the next day, after the passage of the bill, in conversation with you on the subject, I stated the excuse that Mr. Puett had rendered in my presence, for giving this unexpected vote. You instantly replied that Puett was right; that Howard had so advised him, for Puett had shown you Howard's letter in the Senate Chamber, and that you had read it. These are the facts as near as my memory will at this time, enable me to state them. I have no recollection that Puett ever told me that he had shown you Howard's letter; nor have I any knowledge that General Howard wrote such a letter other than what I derived from yourself and Puett.[2]

---

[1] Bloomington *Post,* July 17, 1840. There were other letters addressed to Sigler in the same paper from Stephen S. Collett, Daniel Harrah, Henry Slavens, William T. Noel, and W. P. Shaw regarding Tilghman Howard's attitude toward the internal improvement bill of 1836. The Whigs were trying to prove that Howard, the Democratic candidate for governor, had been favorable to the internal improvement program in the beginning.

Very respectfully your friend and obedient servant

D. WALLACE

Willis L. Traylor to Wallace[1]

[August 7, 1840]

State of Indiana }
Scott County Sct } I Willis L. Traylor Clerk of the Circuit Court of said County do hereby Certify from the returns of an Election held in said County on Monday the 3rd day of August Inst that Abraham Noakes and John Clark are duly elected associate judges for said County of Scott Andrew Campbell for Sheriff, Willis L. Traylor for Clerk and Adam A Hendricks for Coroner

Given under my hand & the seal of the Scott County Circuit Court at Lexington this 7th day of August A D 1840

WILLIS L. TRAYLOR Clk

SIR there being no probability of the Election of either of the above persons being contested is one reason why I send you this certificate so early and another reason is that we have no sheriff and our Coroner has just been Bailed out of prison and is a drunkard in the bargain Our Circuit Court Commences Mon-

---

[2] When questioned about the letter to Puett, Howard recalled that he had written a letter but did not remember the content precisely. However, he was under the impression that he had advised Puett to vote as he thought would best promote the interest of Parke County. Indianapolis *Indiana Journal,* July 6, 1840.

---

[1] Secretary of State file, Election Returns, Archives Division, Indiana State Library.

day the 17th Inst therefore we wish our sheriff to have his Commission as soon as possible & our Judges against Court
Your obedt. Servt

Augt. 7, 1840 WILLIS L. TRAYLOR

[Endorsed:] Scott Clk &c Comd. Aug 12 1840

Wallace: Excerpt of Address at Inauguration of President of Indiana Asbury University[1]

[September 16, 1840]

. . . .

Standing amid the nations of the earth, and occupying, as we do, a country vast in its extent, unsurpassed, by any other, in the fertility of its soil, the salubrity of its climate, and the greatness of its physical outlines, it ceases, upon reflection, to be matter of astonishment, or surprise, that we should behold the eye of the great world fixed upon us so intently. The truth is, we are entrusted with the guardianship of the dearest interests of humanity; with the solution of the greatest problem that ever engaged the wits, or figured in the dreams of Philosophers—the problem "of man's capacity for perfect civil liberty." Hence, every step we take, every act we perform, be they ever so trivial, become subjects of the deepest concernment to all mankind. . . .

---

[1] Plans for the establishment of an institution of higher learning by the Indiana Conference of the Methodist Episcopal Church had been going forward for several years. Greencastle was chosen as the site for the school in 1836 and a charter was drawn and approved by the legislature the following January. A preparatory school was begun in 1837 and the contract let for the erection of a college building. Although this was not entirely completed until 1842, the University took possession in September, 1840, at the time of the inauguration of Matthew Simpson as the first president. Governor Wallace was chosen to deliver the charge to the President and hand him the keys of the institution, after which Simpson delivered his inaugural address. William Warren Sweet, *Indiana Asbury—DePauw University, 1837-1937* (New York, 1937), 25-52; George B. Manhart, *DePauw Through the Years* (2 vols. DePauw University, 1962), 1:24-26; Robert D. Clark, *The Life of Matthew Simpson* (New York, 1956). The two addresses were printed by William Stacy of Indianapolis in a pamphlet entitled, *Messages, Delivered by Governor Wallace, and President Simpson, at the Indiana Asbury University, September 16, 1840.* Sweet's history and Clark's biography give the date of the inauguration as September 13, 1840.

It is, therefore, of incalculable importance, to our faithful discharge of this trust, that we should pause, at intervals, in the hurry and excitement of our career; that we should quiet the restlessness, and bridle the daring energy of that bounding spirit of enterprise which so strongly pervades, and so strikingly distinguishes, the American bosom: to the end that we may, the better, take counsel of sober-thoughted experience, that we may, the better, have our intricate pathways illumined, and our weak and erring judgments regulated, by the lights of the purest wisdom, and the laws of the sternest reason.

And let no one, I entreat—no American, at least—endeavor to screen himself from this responsibility, much less to palliate the guilt of wilful and disastrous neglect, by whispering to his conscience that the whole is a mere fiction—a splendid figment of some over-heated intellect. The world, I assure you, can never so view or receive it; for if we fail, if this last trial for the success of self-government proves an abortion, then indeed, will the mightiest interest the world ever played, or struggled for, be finally and forever lost. . . .

Perhaps some of you, ere this, are ready to exclaim, who are we, that we, should have so much greatness thrown upon us and around us? Why is it that so much more should be demanded, or expected, at our hands, than from the hands of others? Who are we? The answer to this question unfolds the great secret of our vast responsibilities, as well as the real nature and extent of our most solemn duties and obligations. Who are we? We are sovereigns—sovereigns in the full acceptation of the term, clothed individually, and alike, with all the powers and attributes of sovereignty; and in that capacity, we constitute, what the world never before so perfectly beheld, a community of free and equal sovereigns. Wherefore it is, that the trial of the great question has devolved upon us—the question, whether such a community, with all the advantages we possess, can possibly exist, and if so, how long?

Doubtless the enunciation of such facts may be somewhat startling—what! sovereigns! aye sovereigns! Do we not enact our own laws and execute them? True; but then there's the equality spoken of. Yes! and even that too! For in the exercise of these, the very highest and noblest, functions of sovereignty—the enactment and execution of laws—has not the man, who lives in the midst of us, ignorant though he may be of the first letter of the alphabet, as much power; and, if he wills it, can he not, at the ballot box, neutralize the vote of a Webster or a Clay, a Kent or a Story? The point is too notorious to be denied; and if seriously reflected upon cannot but strike us, I think, as being stored with most useful and exciting admonitions.

In other countries where despotism prevails, where the will of a single individual is the law, with what intense overwhelming anxiety are his qualifications looked to by his subjects. Is he wise? is he good? is he powerful? their hearts instinctively sink into the repose of a confiding security; nor ask, nor dream of asking, any higher, holier—stronger guaranty for the safety and efficient protection of every thing most dear to them. But is he ignorant—grossly ignorant? Then indeed, how wretched becomes their condition! how fearfully the cast and color of their destiny change! The present to them is filled with nothing but apprehension and dread, and the future promises them no relief. The sheet anchor of their hope and confidence is wanting; for where ignorance prevails wisdom is never found, and goodness is always an uncertain guest. History too admonishes them that the will of such a sovereign is as fickle as the breeze; and far more liable to shed the darkness of ruin and desolation over his land, than to light it up with the sunshine of glorious peace and prosperity.

Transfer the scene from such a land, so blessed or cursed, as the wisdom, or the ignorance, of its rulers may predominate, to our own acknowledgedly freer and happier, and wherein do the interests of the actors differ? Are we exempt from all anxiety such as theirs? Feel we no interest, like them, in the enquiry whether our sovereigns are wise, and good, and powerful? We have not, it is true, the absolute will of a single being to control us—to visit upon us wrath or mercy at his pleasure; we require here, the concurring will of the majority to establish, for us, our rule of action. But does that circumstance so change our relations, so completely shield us from all the evils resulting from the abuse of power, as to make the character of the majority, who wield it, a matter of no moment to us? Does it dispense with the cautionary and prudent requisite that every individual composing this majority, should be wise and good? No: not unless it be demonstrable that one ignoramus is more dangerous, and endowed with greater capabilities of perpetrating mischief, than a million.

At least the founders of this institution do not think so. With an energy and devotion that beggars all praise, they have been magnanimously laboring to discharge their duty, their whole duty, and nothing but their duty. Their conduct proves that they have solemnly asked themselves the questions: will our education alone accomplish every thing desired? Will it ensure success to the splendid enterprise this nation is engaged in? And as the most unerring test of their truth and sincerity, they have fearlessly erected, and commissioned the very walls which surround us, to answer for them, NO! Are they wrong? What would avail all their learning—all their wisdom—if the intellect of the nation should be shrouded in the night shade of ignorance? Nothing—literally nothing! unless, perhaps to render the darkness around them more distinctly visible.

Conscious of this, their cry is, let the mass be enlightened. Plant the standard of education on the throne of every intellect; unbind the fetters of reason; bid her forth from the dungeon and the shade; invest her with the sceptre of power and dominion; and let the limits of her empire be co-extensive with the limits of mind.

Possibly the idea, to many, may appear most absurd and ridiculous, that any body, or set of men, claiming to be rational, could indulge, for a moment even, the hope that means so limited, so utterly disproportionate as these confessedly are which we see before us, should, nevertheless, enable them to succeed in accomplishing so mighty an undertaking as that of illuminating the national mind. . . .

But to whom, it may be asked, are we and the country indebted for this noble manifestation in behalf of such a cause? Whose minds conceived, whose benevolence prompted, whose energies achieved the erection of this Temple, and on a spot too, where the sound of the woodman's axe as he felled the forest around him, has scarcely died away upon our ears? Nay, whose imaginations so vivid—so pregnant, as it were, with creative power, as to give birth to so wild and novel a conception as that of planting the garden of the muses on the yet unredeemed bosom of the wilderness? Be not surprised, and revere them none the less for it, when I tell you that they are old and familiar acquaintances—endeared to us, or ought to be, by some of the sweetest, purest and holiest recollections of the heart. They have been the companions of our Pioneer fathers; they have been our moral and religious instructors. Spurning the luxuries of life—the refinements of taste and elegance—the comforts of ease and affluence—the allurements of the world, with the spirit of a Wesley only to nerve them—they laughed the dangers of flood and field to scorn; looked the terrors of the wilderness in the face with cheeks unblanched; endured cold and hunger without a murmur; encountered privation and peril without shrinking;—and dying by the way side even, leaving no memorial of their burial place—and for what? That the voice of supplication and prayer might rise from the deepest solitudes of our valleys; that the lamp of eternal life might be lit up in the gloomy recesses of our lonely cabins;—that the departing spirits of their rude but noble tenants might be cheered, and sustained, and reconciled, in that awful hour, by the glorious promises of another and a better world.

And now—even now—that all these stirring scenes are with the past; that the dreaded solitudes are no more; that fenn, and forest, and river have been shorn of their terrors; that hungry want, and griping penury; and chilling privation have been banished from our hearths; these men—so fearless—so self-sacrificing—so persevering—whose approach to our solitary abodes has so often brought childhood's sunniest smile to our cheeks—are still with us; but—unlike every thing else about them—they have not changed. The same sternness of purpose, the same unflagging zeal, the same untiring effort, as in the beginning, still stamps their very conduct and action. They have suffered no pause in their labors; and follow the steps of improvement now, only to gather materials, and to seize occasions, the better to scatter the choicest of heaven's blessings along their path-way; and at last, as if determined to leave nothing undone, that the power and sublimity of the principles they teach, may be appropriately displayed—they are seeking, out of the immense mass of intellect around them, to rear a moral and mental pyramid, upon whose summit the beacon fires of eternity shall blaze.

And sir, as one—belonging to the same holy order—pledged to share the same toils—equally devoted to the accomplishment of the same glorious designs—they, and those who aided them, through the Trustees of the Asbury University—have authorized me to deliver, to you, the possession of these keys. The act alone speaks its own comment. It needs no herald's voice to proclaim how great are the interests they have charged you with; nor how unlimited the confidence they repose in your judgment—your capacity—your learning—your firmness—your prudence—your perseverance—and your integrity. It constitutes you, in a word, the pilot, upon whose skill depends, whether this ark of learning shall ever reach in safety and triumph its destined port. It makes you one of the master builders, whose genius is expected to place the cap stone on the moral and mental edifice they are erecting. And may I be permitted to hope, sir, that the possession of those keys may be the efficient means of enabling you to unlock for us the gates of learning; to lead the youth of this young and vigorous State to the "well-head of science and letters;" to purify them in their streams; and then, to send them forth, as so many shining and burning lights, to dissolve the mists, with which ignorance has so long darkened the intellectual world.

. . . .

Wallace to Secretary of the Treasury[1]

EXECUTIVE DEPARTMENT,
INDIANAPOLIS, October 10, 1840

SIR: I have the honor to enclose you a map[2] and report of an additional selection of lands, made agreeably to the act of Congress of March 2, 1827, granting to the State of Indiana a certain quantity of land, to aid her in the construction of a canal to connect the waters of Lake Erie with those of Wabash river.

By referring to this report, you will perceive that, in consequence of the extensive grants to the Indians and others by the late treaty with the Miami nation,[3] the rights and interests of the State have been seemingly lost sight of, or totally disregarded. The greater portion of these grants have been laid upon the lands which, by previous settlement with the proper department, fall to the share of Indiana, and, as a matter of necessity, compels her to resort to one or the other of these alternatives: either to claim title to the identical lands themselves, under the act of Congress above named, being prior to the treaty; or to claim an equivalent for them in value, out of other lands in the neighborhood.

With this view, the commissioners (Messrs. Williams, Hillis, and Vigus) who aided me in making the selections aforesaid, first valued the lands which, by the act of 1827, belong to Indiana, but which have since been granted away by the Government to private individuals; and, secondly, selected others in lieu of them, to an amount equal in value to the former, as by reference to the accompanying report will be more particularly seen and understood.

Inasmuch, therefore, as it is not in the power of Government, without an act of Congress to that effect, to confirm this arrangement or settle the difficulty, I have respectfully to request you to suspend from sale the lands thus selected, until Congress can act upon the subject.[4]

---

[1] *Senate Documents,* 26 Congress, 2 session, Vol. 4, Doc. 190, pp. 3-6.

[2] A copy of the map is bound in the *Senate Documents.*

[3] The grants were made by the treaty of 1834, as ratified in 1837, and the treaty of 1838, that was ratified in 1839.

Very respectfully, your obedient servant,

DAVID WALLACE

HON. LEVI WOODBURY, Secretary of the Treasury

[Enclosure][5]

INDIANAPOLIS, August 12, 1840

SIR: Under the act of the General Assembly, approved 24th February, 1840, it has been made the duty of the undersigned to "examine and ascertain the particular lands to which the State is yet entitled on the Wabash and Erie canal, east of the Tippecanoe river, under the provisions of an act of Congress of the 2d of March, 1827." Having spent the necessary time in a personal examination of the lands in the vicinity of the canal acquired by the late treaties, we have now the honor of submitting to your excellency the results, with a report of the selections made; to the end that the same may be communicated to the Secretary of the Treasury. . . .

Previous to entering upon this examination, we procured, from the surveyor general's office at Cincinnati, authenticated copies of the township maps, embracing the lands from which selections were to be made. By these, we were enabled to base our computations and our selections upon official data. In the correspondence had in 1829, between the authorities of the State and the Commissioner of the General Land Office, in relation to this grant, it appears that the particular tiers of sections which would fall to the State were at that time designated and set apart by the Commissioner of the Land Office, whose right it was, by the terms of the grant, to determine the question. The principle upon which the division of sections should be made along the outside boundaries of the ten-mile strip was likewise settled at the former selection, so that it was only necessary to extend the regular alternate tiers, as determined in 1829, into the late purchase, as far as the boundary-lines of the canal donation, and the particular sections belonging to the State were at once designated. We herewith enclose a map of the several districts lately acquired of the Miami Indians, on which the canal line, the outside boundaries of the ten-mile strip, and the regular alternate tiers of sections belonging to the State for canal purposes, are represented.

---

[4] For subsequent action relative to these lands see below, 466-69n.

[5] This report is also printed in the *Documentary Journal,* 1840-41, House Doc. No. 10, pp. 142-55.

The canal lands in the regular alternate tiers, not covered by Indian grants, are colored on the map with orange color. These lands, amounting to 61,741 acres, have been classed and rated, and will be offered at public sale on the first Monday in October next, as required by the laws of the State.

. . . .

By reference to the map before referred to, it will be seen that the State has been deprived of the most valuable portion of her alternate tiers, by the numerous grants made in the late treaties to the chiefs and other individual Indians. These grants were allowed by the General Government, for the purpose of obtaining the signatures of the chiefs to the treaties, and are therefore to be viewed as a part of the consideration paid to the Indians for the advantages secured to the United States by such treaties. The lands so granted to the chiefs, virtually as a part of the consideration from the United States, so far as they lie in the canal tiers of sections, had previously become the property of the State by her compact with the United States, and by the action of the Commissioner of the General Land Office in 1829, under that compact, setting apart for the State these particular tiers of sections. The property of the State in these lands was subject, of course, to the then existing right of the Miami nation of Indians; which right has heretofore been recognised by the United States only as the right of occupancy for the time being, or until a treaty could be effected.

It is believed to have been the understanding between the parties, in all former negotiations, in reference to the canal donation, that upon the extinguishment of the Indian title, (national,) the whole of the canal tiers would fall to the State. Under these circumstances, the right of the State, either to the identical lands contained in the Indian grants, or else to select from other lands belonging to the United States a full equivalent, cannot be questioned. In selecting this equivalent, it is necessary to take into view the relative value of the sections granted to the chiefs and others, when compared with the lands of the United States, from which the equivalent is to be taken. Accordingly, the undersigned have personally examined the several sections so granted, as well as the vacant lands of the Government in the vicinity, and have placed upon each lot its fair relative valuation. The average valuation of the lands in the canal tiers, of which the State is deprived by the grants in the treaties, is about $8 25 per acre. The back lands, from which the equivalent must be taken, are estimated at prices which average about $3 75 per acre; the prices in each case being fixed with reference to cash payments. When it is considered that the grants made to the Indians are located only in choice situations adjoining the canal and river, and are so run out, by direction of the grantee, as to embrace nearly the whole of the rich bottom lands of the Wabash, with the springs of water and the valuable water-power at the falls of the Wabash and the falls of Pipe creek; that one of the sections lies adjoining the town of Logansport, and another adjoining the town of Peru, on which a part of that town must be built; while, on the other hand, the United States lands in the vicinity lie generally on the upland, are situated back of the Indian grants, and without advantages such as have been enumerated,—the difference in the valuation, it is presumed, will not be deemed too great. It is expected, however, that the authorities of the United States, before they confirm the selections, will test the fairness of our valuations by such examinations as they may think proper to order.

The exact quantity of land in the canal tiers, of which the State has been deprived by the Indian grants, has been carefully calculated from the boundaries and distances given by the public surveys, and marked on the maps furnished us. The quantity embraced in each grant has thus been ascertained as accurately as is practicable, without a resurvey of the river fractions. The total quantity is 24,290.14 acres, which has been valued by the undersigned at the aggregate sum of $202,458. The accompanying abstract (marked A) exhibits in detail the contents taken out of the canal tiers by each Indian grant, with the estimated value thereof per acre.[6]

As an equivalent to the State for the lands thus taken from her, and patented to the Indian chiefs, according to the obligations of the treaties, the undersigned have selected other lands belonging to the United States to the amount of 69,883.47 acres, which, from a careful examination, they have valued at the corresponding sum of $202,458. The accompanying abstract (marked B) exhibits each lot embraced in this selection, designated by its proper description, and with its contents and valuation.

Under the construction given to the act of Congress of the 2d of March, 1827, by the Attorney General of the United States, we are aware that the State's title to the selected lands will not be complete, so as to enable her to dispose of them, until confirmed by a law of Congress, as in the case of the equivalent selected in 1830, in lieu of the Indian grants and lands sold in the district then brought into market. It is, however, of great consequence to the State, that the Secretary of the Treasury should withhold from sale the lands now selected, as designated in abstract B, until the action of Congress can be had. That Congress will confirm the State in her title to these selections, should she finally accept of that alternative, instead of the identical lands included in the grants, there can be no doubt; inasmuch as such an act would be viewed as necessary, according to the construction of the Attorney General, to the enjoyment of a pre-existing right vested in the State by the act of 2d March, 1827.

All which is respectfully submitted.

J. L. WILLIAMS,
DAVID HILLIS,
J. VIGUS,
Commissioners

HIS EXCELLENCY DAVID WALLACE

---

[6] The abstracts labeled A and B have not been reprinted here.

Wallace: Thanksgiving Day Proclamation[1]

[October 30, 1840]

By David Wallace, Governor of the state of Indiana.

That all nations are under the paternal sway of God, that national prosperity and adversity are the awards of His providential government, is the common opinion of every Christian people. It has therefore been from time immemorial, the custom of civilized nations, but peculiarly of our illustrious ancestors, at proper periods and in suitable methods, publicly to recognize their dependence upon God, and to render thanks for his protection and favors. If irrational brutes know the hands which feed, and requite kindness with evident, though mute gratitude, how much more should man, raised by superior endowments nearer to God than they, pause in the circle of each year and tracing his blessings to their source, adore the being whose paternal and benignant mercy, hath conferred upon them unnumbered and overflowing benefactions. No one of the customs of our forefathers seems more worthy of continuance and a strict observance, than the annual day of Thanksgiving and Prayer. It was begun in the earliest day of our colonial existence, and has become peculiarly sealed upon us, by its oft appointment, by the revered fathers of this country, and by its observance by the wisest and best of our statesmen and citizens, and by the continued existence of it in most of the states of this confederacy!

We feel ourselves impelled neither to neglect or set aside the wholesome customs of our ancestors.—Wherefore, in accordance with the wishes of our own citizens, and in conformity with the usages of this country from the earliest times until now, we do hereby appoint, Thursday the nineteenth day of November eighteen hundred and forty as a day of Thanksgiving and Praise and Prayer to Almighty God. And I invite the people of this state upon this day—resting from their accustomed pursuits, to assemble in their ordinary places of worship, and with one accord, of devout gratitude, to render thanks to God for the abounding mercies of another year.

---

[1] Indianapolis *Indiana Journal,* November 5, 1840.

God has granted us peace from intestine broils.—Our Union has not been rent by fatal feuds. Our laws have conferred upon us their wanted protection, and our national institutions stand firm in the respect and obedience of our citizens.

As citizens of Indiana we have peculiar reasons for thanksgiving. Unparalleled civil excitements have neither abated the observance of law, nor disturbed domestic order and peace. Industry has not been discouraged, nor enterprise relaxed; by the embarrassments of finance, public and private, whereas, prudence, thrift and economy have been learned.—There has been an ordinary measure of health; the seasons have been propitious and the earth abundant in its gifts, returning the seed of the sower an hundred fold. The causes of temperance, of morality and of general education have been progressive, and our citizens, wisely parsimonious in luxuries, have been liberal towards Educational, benevolent and religious institutions. For these things, and for our prosperity, but above all for the continued hopes of peace in death, and immortality and felicity after death, by the gift of God through Jesus Christ, we are bound to render praise and sincere thanksgiving.

At the same time let us implore the continuance of God's favor, let us deprecate his judgments, and commend to his wise and benevolent guardianship all private and public interests.

Given under my hand and the seal of State, at Indianapolis, this thirtieth day of October, in the year of our Lord one thousand eight hundred and forty, of the State the twenty fourth, and of the Independence of the United States the sixty fifth.

By the Governor,

David Wallace

Wm. J. Brown, Sec'y of State.

Delana R. Eckels to Wallace[1]

[December 4, 1840]

To His Excellency David Wallace Governor of the State of Indiana:

Finding public opinnion against the party to which I belong, and choosing rather to enter the darkest recesses of private life with the last advocate of the principles I so fondly cherish, than to hold office among its opponents—I avail myself of the means in my power to follow in the wake of your illustrious example with this single exception— You steped aside that the rise of your party should be complete, and I resign that I may facilitate the fall of mine— It is therefore with pleasure I hereby resign the Office of Prosecuting Attorney of the 7th Judicial circuit of the State of Indiana to take effect at the expiration of one year from and after the commencement of my last term of service.[2]

I am Sir with great respect Your Excellency's obt. sevt.

Delana R. Eckels

Decr. 4th 1840

Wallace: Message to the General Assembly[1]

[December 8, 1840]

Gentlemen of the Senate and of the House of Representatives:

The past, in many respects, has been to the nation at large, a remarkably spirit-stirring and eventful year. The advocates of

---

[1] Secretary of State file, Archives Division, Indiana State Library.

[2] Edward W. McGaughey was elected prosecuting attorney of the Seventh Judicial District on December 12, 1840, to serve for two years from February 15, 1841. *Senate Journal,* 1840-41, p. 40.

---

[1] *House Journal,* 1840-41, pp. 12-26. The inaugural message of Governor Bigger and the reports of the State Auditor and State Treasurer should be consulted along with this, Governor Wallace's final message, to get a complete picture of the condition of the state at the close of Wallace's administration. These are printed in the *Documentary Journal* for 1840-41.

human liberty—of man's capacity for self-government—have been furnished with abundant evidence calculated to confirm them in their principles, and to stimulate them to continued exertions. The friends of our great and as yet unbroken confederacy, have not been left without cause for congratulation; they, too, may confidently renew their faith in the strength, wisdom, and recuperative energies of the Constitution; in its well-tried capacity of sustaining itself successfully through the fiercest storm of political contention. The alarming extent of power which the experience of the last twelve years proves to be vested in the arm of the Executive branch of the General Government, has been also as clearly shown to be more than counter-balanced by the great conservative power entrusted to the keeping of the people. The contest between these powers has been truly great and exciting; and we have every reason to rejoice over the result. The people have indeed acquitted themselves nobly. They have resisted and repulsed the enemy at all points; and, what is by far the most gratifying, they have evinced to the world that the rod of proscription cannot intimidate, that bribery cannot purchase, and that fraud and corruption cannot seduce them from the faithful discharge of their high and solemn duties. May such qualities, therefore, be always exhibited by every succeeding generation of American freemen, and then our Union and liberties will be as immortal as the renown of those who achieved them.

Restricting our observations to the narrower sphere of our own State, we find, even through the surrounding gloom which has gathered over the pecuniary condition of our citizens, enough to claim our most fervent acknowledgement to the Giver of all good. We have received from the Divine hand the choicest tokens of its favor. The teeming earth has rewarded the tiller of its soil. No desolating pestilence has invaded our limits, and filled our homes with lamentation and wo. The reviving spirit of enterprise has awakened to its labors, and cheerful industry has resumed its gainful pursuits. The means of education, moral improvement, and religious culture, have been extended to every class, and their auspicious effects are seen, as well in the general diffusion of intelligence, as in the elevated character of the people.

The sovereignty of the laws has been respected. A jealous observance of the public peace has eminently distinguished the conduct of our citizens; for although we have just closed one of the most heated and exciting contests recorded in our history, yet they, in no instance, as far as my knowledge extends, have permitted riot to disturb, bloodshed to disgrace, or intemperance to degrade any of their frequent and numerous assemblages.

For a detailed account of the condition of the Treasury, you are respectfully referred to the report of the Treasurer of State, which will, in due time, be laid before you. According to that report, the receipts of the fiscal year, ending October 31st, 1840, amount to four hundred and four thousand, one hundred and fifty-eight dollars and thirteen cents; and the expenditures to three hundred and ninety-five thousand, nine hundred and thirty-six dollars and ninety cents; leaving a balance in the Treasury of nine thousand two hundred and eighty-one dollars and twenty-three cents.[2]

Inasmuch as the character of the times and the involvements of the State, imperatively demand a system of the severest economy, it may not, perhaps, be unprofitable to enumerate some of the items of expenditure with which the people are burthened, in order that you may the better see wherein the principle of reform may be most safely and advantageously applied. The legislative expenses this year amount to forty-four thousand nine hundred and seventy-one dollars and seventeen cents—two thousand four hundred and eight dollars and five cents more than in 1839. The account for public printing, considering that no extra work was required or performed, reached the heavy and unnecessary sum of twelve thousand four hundred and fifty-seven dollars and eighty-one cents. To these must be added the expenses of the Executive Department, three thousand eight hundred and fifty dollars; of the Judiciary, sixteen thousand three hundred and thirteen dollars; of Probate, three thousand seven hundred and sixty-five dollars; of Prosecuting Attorneys, one thousand seven hundred and twenty-five dollars; and of the State Prison, nineteen thousand six hundred and fifty-one dollars.

---

[2] For the treasurer's report, see *Documentary Journal,* 1840-41, House Doc. No. 4. As usual there are discrepancies between the Governor's figures and those of the treasurer. According to the receipts and expenditures reported here by the Governor, the balance would be $8,221.23, instead of $9,281.23.

As to the item first named, permit me to say, that it will be in your power to diminish it greatly hereafter. For, when you come to discharge the constitutional duty which devolves upon you, at the present session, of fixing the apportionment of Senators and Representatives, for the next five years, a reduction of their number would greatly contribute to curtail the onerous expense of this branch of the Government, without jeopardizing, as I can see, any of the great interests of the State. Indeed, my experience teaches me that a House of Representatives consisting of sixty members, and a Senate of thirty, would transact more business in a less time—far better—and more to the satisfaction of the people, than can a House of a hundred members and a Senate of fifty.[3] And in like manner with regard to nearly all the other

---

[3] The reapportionment bill enacted by the Assembly did not reduce the size of that body, but provided for a House of 100 members and a Senate of 50. *Laws of Indiana,* 1840-41 (general), pp. 48-50; *House Journal,* 1840-41, pp. 72, 74, 85, 167, 170, 253, 267, 272; *Senate Journal,* 1840-41, pp. 56, 58, 80, 139, 141, 167, 195, 214, 215, 225. A protest against the act was spread on the *House Journal* (pp. 682-84), signed by William W. McCoy and Joshua B. Lucas of Shelby County, which declared that their county was entitled to greater representation than the one senator and one representative accorded it in the act. The protest also accused the Speaker of favoring his "political partizans" in making his committee appointments. A like protest was submitted to the Senate by Joseph B. Nickel (Nickoll), senator from Shelby County. *Senate Journal,* 1840-41, pp. 293-94.

During the debate in the Constitutional Convention of 1850 on the number of members that should constitute the General Assembly, Wallace was chided about the recommendation he had made in 1840 to reduce the number. He admitted that his recommendation had been completely disregarded. "The representatives of the people then, in despite of their embarrassments, saw fit, in effect, to say what I believe the people themselves will always say—that if there is any one burthen which they will more cheerfully shoulder than another, it is that which compels them to pay for representation." Wallace said he would vote for a 50-member Senate and a 100-member House under the new constitution. *Report of the Debates and Proceedings of the Convention for the Revision of the Constitution of the State of Indiana. 1850* (2 vols. Indian-branches of expenditures above named, you can do much—very much, towards lessening their respective amounts, by firmly and patriotically determining to sacrifice on the altar of public good, a portion of your individual, sectional, and county interests. In the midst of the extraordinary prosperity recently enjoyed by all classes of society, such acts of devotion were neither necessary nor demanded. If the expenses of the State were then great, the people possessed correspondent means to meet them without distress or difficulty; but not so now: their circumstances have undergone a fearful change—a severe pressure is upon them; and hence you cannot well discharge a more acceptable act of duty at this time than to endeavor to bring down the wants of the Government to the standard of their present ability to supply with ease and convenience.

In my last annual communication, I invited the attention of the Legislature to the subject of the State Prison. I then urged the necessity of making some radical change in its present system of organization and management. No legislative action was, however, had on the subject, and believing that the defects which have caused such frequent and just complaints require the efficient exercise of your authority, I am again induced to ask your serious consideration, to the propriety of an immediate reorganization of the institution or of such alterations in its government and discipline, as you shall deem expedient. The time is certainly propitious. The outstanding contract with Messrs. Patterson and Hensley will shortly expire. Whatever changes are needed, should therefore be made previously to forming any new engagements under the existing law. The able and satisfactory report of the visitor, Dr. Haymond, is herewith submitted.[4] His views and recommendations concerning the institution generally, are worthy of respectful attention. With him, I am clearly of opinion that instead of farming out the prison as heretofore, the State should take it into her own hands, and by the appointment

---

apolis, 1850, reprinted by offset process by the Historical Bureau, 1935), 1:999.

[4] Printed in *Documentary Journal,* 1840-41, House Doc. No. 10.

of efficient officers, with competent salaries, manage and have the superintendence of it herself.[5]

From an examination of the returns of the taxables of the present year, I regret to say that it is not in my power to speak as favorably of the advanced wealth and prosperity of the State, as my desires would otherwise dictate. The suspension of the public works and the general stagnation of all business have sensibly affected the value of every species of property. The diminution has indeed been great; more so by far than we had any just grounds to anticipate. I find, also, that the assessments, which for years past, have constituted a subject of complaint in almost every Executive message, are, if any thing more glaringly and unpardonably defective than ever. This continued carelessness on the part of the assessors, has at length grown to an evil of such magnitude that some speedy and effective remedy is loudly called for by every principle of right and justice. It is now virtually the case, that one portion of community is burthened with taxation, to the exemption of another; a state of things wholly inadmissable.[6]

The number of polls returned to the Auditor, amounts to one hundred thousand one hundred and sixty-six—greater by four thousand eight hundred and seventy-five, than in 1839. The quantity of land assessed appears to be 8,273,000 acres, valued at fifty-eight millions, three hundred and forty-three thousand, nine hundred and ninety-two dollars; being an increase of 797,680 acres, and a decrease in the aggregate value of seven millions six hundred and forty thousand and eight hundred and eighty-seven dollars. In like manner, the value of town lots has reached only twelve millions, five hundred and three thousand, five hundred and nineteen dollars; corporation stock to one million and one hundred and sixty-eight thousand three hundred and forty-three dollars; and personal property to nineteen millions seven hundred and forty thousand, one hundred and sixty-six dollars; making the entire amount of the taxable property of this State, ninety-one millions seven hundred and fifty-six thousand and nineteen dollars —less than in 1839, by fifteen millions five hundred and eighty-one thousand six hundred and ninety-six dollars.

---

[5] The committee of the House to which this portion of the message was referred reported that it would be impolitic for the state to take over the management of the institution at this time because of the large financial outlay that would be required. However, instead of continuing the policy of farming out the prison to the highest bidder, an amendatory act was passed providing for the appointment of a superintendent by the Governor. For his compensation he was to receive one half the net profit realized from the prison labor which meant that there would still be pressure to make the institution as profitable as possible. An earlier recommendation of Governor Wallace concerning the appointment of a chaplain to give religious instruction was incorporated in the new legislation. *Documentary Journal,* 1840-41, House Doc. No. 22, pp. 276-80; *Laws of Indiana,* 1840-41 (general), pp. 136-140.

[6] The Assembly passed a series of bills "instituting a new revenue system for the state." *Laws of Indiana,* 1840-41 (general), pp. 1-48.

Fortunately we have it in our power to disperse a portion of the gloom which such results are too well calculated to produce. They are not true; and unless promptly contradicted, and a correct exposition given, would tend much to our mortification, to place the State in a false position in the eye of the public. Take, for example, the number of polls returned, and compare that number with the vote cast at the late Presidential election, and you at once see that between eighteen and twenty thousand polls have been altogether omitted—*one-fifth, nearly, of the whole number returned.* Nor is this the only error susceptible of detection. According to the Report of the Commissioner of the General Land Office, 10,509,025 acres are legally taxable this year, whereas the assessors return but 8,273,120 acres as already stated —2,235,906 acres less than the true amount. If, therefore, we acknowledge these examples as just criterions by which to judge of the balance, we cannot possibly avoid the inference that at least one-fifth of the entire taxable property of the State escapes taxation this year.

But further, the average value of lands throughout the State, appears to be seven dollars and five cents an acre. The 2,235,906 acres therefore, not assessed, is worth, for tax purposes, fifteen millions, seven hundred and sixteen thousand one hundred and thirty-seven dollars, which with the ninety-one millions, seven hundred and fifty-six thousand and nineteen dollars assessed, would give one hundred and seven millions, five hundred and nineteen thousand, one hundred and fifty-six dollars as the lowest amount which should have appeared upon the assessment rolls this year subject to taxation. One hundred and eighty-one thousand dollars above the same amount in 1839; the diminution of value in property to the contrary notwithstanding.

I hope I shall be excused for dwelling upon this subject. My object has been two-fold; first to expose the gross defects in a very important part of our present revenue system; and secondly, to vindicate the credit and character of the State from the imputation of having retrograded in wealth and resources.

A thorough revision of the Revenue Law, is the only effective remedy that I can suggest against the recurrence of similar evils; and when you are advised that in 1841, 13,758,236 acres; in 1842, 15,008,054 acres; and in 1843, 15,610,479 acres, become subject to taxation, the necessity for the searching exercise of your supervisory powers over the subject needs not to be enforced.

The public debt of the State as exhibited in the Report of Gen. Stapp, one of our Fund Commissioners, amounts to 12,873,509 dollars; 9,968,509 dollars for Internal improvement purposes; 294,000 dollars for Surplus Revenue bonds, 221,000 dollars for the Lawrenceburgh and Indianapolis R. R. Company; and 2,390,000 dollars for Banking purposes. The Internal Improvement debt consists of the following items, to wit: to the State Bank 692,435 dollars; for the Wabash and Erie Canal 1,727,000 dollars; for the System proper 6,235,000 dollars; and for Treasury Notes 1,314,075 dollars. Of the 12,873,509 dollars, only 10,006,652 dollars have as yet been received—leaving 2,866,857 dollars due from the purchasers of our State bonds. This circumstance is much to be regretted, as it appears that a very large proportion of this indebtedness is in a most hazardous condition. Indeed it is highly probable that the greater portion of it may be ultimately lost to the State. The efforts, however, of Gen. Stapp, I am happy to say, have been faithfully and unremittingly exerted to prevent such a disaster. He has labored incessantly to procure from the respective debtors the best securities in their power to furnish. To what extent he has succeeded time only can determine.

It is perhaps due to you and to the other Fund Commissioner, N. B. Palmer, Esq., to state that he differs with Gen. Stapp as to the amount of the Public debt. In his exhibit to the Executive, which I herewith transmit, he fixes it at 13,531,509 dollars—being 658,000 dollars more than his colleague.[7] Mr. Palmer having thus furnished merely a naked statement of the supposed items, unaccompanied by any explanatory communication, I do not feel justified in venturing an opinion as to the facts, when the results above referred to are so widely varient. I deem it, therefore, most proper to refer you to their respective reports, when they shall be laid before you, presuming that they will contain all the information necessary to enable you to arrive at correct conclusions.

Upon ascertaining the large indebtedness of the State, prudence suggests that we should inquire in what manner the public funds have been appropriated, and what equivalent we have received in exchange for them. The query is answered by pointing to near three hundred miles of Public works;—twenty-five of Rail Road—forty-two of McAdamized road—and two hundred and thirty miles of canal; to nearly two millions of dollars in Bank and Sinking Fund stocks, and to upwards of half a million of dollars for canal lands disposed of by the State.

The amount of interest chargeable upon the public debt is easily calculated. It is supposed that the interest on about 2,164,687 dollars of the suspended debt will be promptly paid by the holders of our State bonds. Subtracting this amount from the sum total of the debt would leave 10,708,921 dollars as the amount upon which interest has to be provided for by the State this year. This, at the rate of five per cent, including contingencies, will be about 595,000 dollars. The important question, therefore, occurs, what means, independent of taxation, have we to pay this heavy sum? They are as follows, to wit:

---

[7] Stapp's report in relation to the public debt is given in the Indiana *Documentary Journal,* 1840-41, Senate Doc. No. 2. Palmer's report is given in *ibid.,* House Doc. No. 10 [p. 210]. There are some discrepancies between Stapp's printed report and the figures that Wallace gives. In his annual report, dated October 31, 1840, the Treasurer of State placed the public debt at $13,667,433. *Ibid.,* House Doc. No. 4.

The State Bank of Indiana	$ 71,025
Interest on Canal Lands	22,000
Surplus Revenue	32,000
Lawrenceburgh and Indianapolis Rail Road Company	11,050
Canal Tolls	5,000
Madison Rail Road	10,000
	$151,075[8]

This deducted from the 595,000 dollars, would still leave 443,925 dollars unpaid. This is certainly a formidable deficit, requiring to meet it, at least, a levy of between forty-five and fifty cents on every hundred dollars worth of property throughout the State. Are you prepared, then, to levy this tax? or, in other words, can you avoid it without jeopardizing the credit and character of the State? Before answering, or attempting to answer, queries so interesting, it is highly necessary that we should first determine the extent and character of the means you will, or may have under your control. For this purpose I name to you in the first place the Surplus Revenue, amounting to 583,254 dollars, which, if drawn in and converted into Bank stock, would

produce 10 per cent., or	$ 58,325
Secondly, the interest upon the Sinking Fund	60,000
Thirdly, 2 per cent. on Bank stock	60,000
Making altogether from these sources	$178,325

which, if applied to the liquidation of the interest, would leave only 265,000 dollars to be raised from the people by taxation, or about 27 cents on the hundred dollars.

I am well aware that I shall probably be told that to effect such an operation, steps must be taken which a mere seeker of popularity would studiously avoid. I grant it true: but, then I flatter myself that there are none such here. Certainly the honor and lasting interests of the State—all our proud recollections of the past, and our dearest hopes of the future, require that there should be none. In the present momentous crisis of our affairs, wise heads, honest hearts and fearless spirits, can alone conduct us safely and triumphantly. With such to direct, such to lead us there is no danger.[9]

---

[8] Compare these figures with those in the treasurer's report. *Documentary Journal,* 1840-41, House Doc. No. 4. The treasurer figured that $528,371.61 would be needed to meet the interest on the public debt as opposed to Wallace's figure of $595,000.

Ours are a debt paying people; and the promptness with which they have denied their confidence to every unprincipled demagogue who dared to preach a contrary doctrine, is the proudest evidence of the stern moral honesty that pervades the mass. They have complained, and perhaps in many instances justly, of mismanagement in the conduct of their affairs; but, then, whoever infers from that, that they could be persuaded to repudiate their honest debts, is ignorant of their character, and but poorly appreciates their firmness and integrity. The point, with them, is not how to avoid their contracts, but how they can best fulfil them with the least possible oppression and difficulty. These facts, therefore, unerringly designate the course you are to pursue, and the duties you are expected to perform. They are evidently to curtail every expense as far as practicable, to husband our resources carefully, to apply them judiciously, to resort to taxation only when all other just and proper expedients fail; and to maintain, at all hazzards, the credit of the State unimpaired.

With a view to relieve the people from the oppressive taxation which we see otherwise awaits them, I, on a former occasion, urged the propriety of claiming our distributive share of the proceeds of the sales of the public lands. The singular and unprecedented course pursued by some of the distinguished leaders of the present administration in Congress, renders it more imperative than ever upon the states to contend for the strict letter of their rights. I speak at least for Indiana. She has not asked, nor has she directly or indirectly intimated an intention of asking the General Government to assume the payment of her debts, nor to my knowledge has any of the states; yet we have witnessed a most disreputable effort in a certain quarter, to discredit the good faith and resources of the states, upon the gratuitous assumption that there was an intended movement on their part to accomplish that purpose, through the agency of the national legislature. By the deeds of cession of the several states, and especially of Virginia, the ceded lands were designed as a common fund for the use and benefit of all the states then admitted or that might afterwards be admitted into the Union. The General Government was created a trustee with powers and duties clearly defined. Its authority over the national domain evidently consists in faithfully carrying into effect the beneficent object of the ceding states, and its obligation to do so is solemn and imposing. From 1832 to September the 30th 1838, the fund derived from the sales of the public lands amounted to $63,443,308, and the sales since made have largely increased it. Have we not, therefore, a right to demand of this trustee our share of the fund, and especially of that portion of it which has accrued since the extinction of the public debt? According to the distributive principle of Mr. Clay's land bill, Indiana would be entitled to about $3,000,000. The fate of that bill is known to the nation, and is a subject of poignant regret. Congress having by appropriate legislation given utterance to the public will, in the only form in which it could be authentically expressed, that will was contemned and defeated by the arbitrary and unprecedented action of the Executive branch of the Government.[10] The aggravated injustice of that act of the late President is equalled only by the presumptuous insolence of the friends of the present Executive in Congress, in impeaching the honor of the sovereign states which form our glorious Union, and denouncing them as bankrupts in fortune and in fame. We are cheered, however, by the auspicious promise of the future—by the hope that the constitutional limitations of the Government will be respected, whilst its powers are wisely exercised for the good of the whole people, and that the public will, the only legitimate foundation of republican institutions, will be obeyed by the public servant. I beg to suggest to you the propriety of instructing our Senators and requesting our Representatives in Congress to demand as a matter of right on the part of Indiana, her distributive share of the proceeds of the public lands. With those funds at your disposal you can exempt the people in a measure from taxation, promote the cause of education, prosecute our system of internal improvement, and greatly increase the wealth and prosperity of the state.[11]

---

[9] The Assembly at this session levied for internal improvement purposes an annual tax of 40 cents on each $100 property valuation and for state purposes a poll tax of 75 cents. The 40-cent levy was to be set aside to discharge the interest on the state bonds; the poll tax was to be used to pay state expenses. If the poll tax should prove insufficient for the purpose intended, the difference could be made up from the internal improvement tax. A 15-cent additional levy was placed on each $100 valuation of lands liable for taxation in 1840 on which no tax had yet been collected. *Laws of Indiana,* 1840-41 (general), pp. 47-48.

---

[10] See above, 339-40n.

In connection with this subject I have the honor to inform you that I have received from their Excellencies, the Governors of New-York, Connecticut, Vermont, and Kentucky, certain resolutions adopted by the legislatures of their respective states, in relation to the public domain. In compliance with their request, I lay them before you. You will perceive that the views I have expressed are fortified by their concurring opinions, in reference to this vitally interesting subject.[12]

I have received from the Secretary of State, of the state of Michigan, a memorial and joint resolution adopted by the legislature thereof, soliciting Congress for an appropriation to construct a ship canal around the falls of the River de St. Marie near the out-let of Lake Superior; and from the Governor of Connecticut certain joint resolutions of the legislature of that state, in relation to the duty of the General Government to protect the domestic industry of the country. I herewith submit them to you for such action thereon as you may deem expedient and proper.

Concerning the Surplus Revenue fund, I wish to be clearly understood. I contended, originally, for the policy of converting it into bank stock instead of scattering it among the counties. Experience and subsequent reflection have confirmed my opinion as to the propriety of the views I then entertained. In my last annual message, I suggested the expediency of restricting the loans of that fund to such borrowers as could tender security upon real estate.

---

[11] The Assembly passed a joint resolution complying with the Governor's suggestion. *Laws of Indiana,* 1840-41 (local), pp. 223-24.

[12] See above, 348-49n.

The recommendation not meeting the views of the legislature, the law remains unchanged. The officer in charge of the fund reports, this year, that the interest upon about one-fourth of the principal has not been paid or accounted for. You may judge from this fact what is the probable condition of the principal. What guaranty, I ask, have we, that in twenty years hence, we shall not have, by such improvident legislation, permitted every dollar of it to be squandered. If you decide against the temporary application of the proceeds of the fund to relieve the people from taxation, still in justice to the interests of education some salutary measure should be adopted to make it more productive, and to secure it from loss. Loaned as it now is, it can yield only $44,000 subject to all the contingencies, consequent upon careless, dishonest, and incompetent agents. Its conversion into bank stock would produce nearly $60,000 annually with the undeniable advantages that the profits would be more certain, that it could be distributed to the several counties with less expense, and last, not least, that it would be more immediately under the control and supervision of the legislature.[13]

By an act of the last General Assembly, it was made the duty of the Executive to appoint two individuals to assist the commissioner having charge of the Wabash and Erie Canal, in making a further and final selection of the lands due to the State for the construction of that portion of the work lying between the mouth of Tippecanoe river and the Ohio State line. The persons appointed were the Hon. David Hillis, and Jordan Vigus, Esq. Their report, in conjunction with the commissioner, Jesse L. Williams, accompanying the message, will satisfactorily show the manner in which they have discharged the important duties assigned them. This report, agreeably to the act of Congress upon that subject, has been transmitted, by me, to the Secretary of the Treasury of the United States.[14] The object of the Legislature in expediting these selections was, to raise funds for the completion of the canal by effecting a speedy sale of the lands. By the commissioner's report you will be advised in detail of the result of his operations; and to what extent that desirable object was attained. The late treaties with the Miami tribe of Indians, prove exceedingly detrimental to the interest of the State, in consequence of nearly all the numerous Indian grants having been located upon the lands which fell to the lot of Indiana. The State loses the benefit of their greatly enhanced value by reason of their contiguity to the canal. It appears that on the regular alternate canal tiers unappropriated by these grants, there were found to be only 61,741 acres subject to disposal by the State which have been classed and rated as follows:

---

[13] The Senate committee on education, to whom this part of the Governor's message was referred, flatly stated that it would be as discreditable as it would be unjust to withdraw this fund which had been appropriated to the respective counties for the support of common schools. *Senate Journal*, 1840-41, pp. 116-17.

However, the Assembly did pass an act providing that "in addition to the sinking fund, the surplus revenue fund received by the state, the college fund, the saline fund, and the state bank school fund, shall be drawn in and vested in bank stock, in the name of, and for, the state . . ." and outlining the procedures to be followed. It further provided that the dividends derived from the bank stock should be "appropriated to the purposes prescribed for the interest arising from said funds agreeably to the provisions of the laws now in force," i.e., for school purposes; and the sinking fund commissioners were to keep track of the amounts by county and pay the proper dividends to the county school commissioners upon demand and also the amount due to the state university. *Laws of Indiana*, 1840-41 (general), pp. 192-96. This act was repealed at the following session. *Ibid.*, 1841-42 (general), p. 85.

First class, 1,747.24 acres at $7	$ 12,230 68
Second class, 18,993.27 acres at $5	94,966 35
Third class, 41,000.49 acres at $3	123,001 47
Total rated value	$230,198 50

Of these lands there have been sold at public sale and private entry up to the 18th November, inclusive, as follows, to-wit:

Of the first class 475.03 acres at an average of $7 79	3,701 00
Of the 2d class 7,420.61 at an average of $5 38	39,954 47
Of the third class 15,810.92 at an average of $3 43	54,201 41
Total sales	$97,856 88

---

[14] Wallace's letter to the Secretary of the Treasury and the report of the commissioners, Williams, Hillis, and Vigus, is given above, 446-50.

Showing a total sale of 23,705.66 acres for an aggregate sum of $97,856 88 cents, making a general average of $4 13 per acre.

On these sales there have been received $29,809 57 for the first payment on the principal, and also $4,079 98, the interest on the balance due for one year in advance, giving the sum of 33,887 55, as the total receipts up to the time named.[15]

On the 18th November, there remained unsold of the above lands, 8,035 34 acres, valued at the sum of $142,340 18, which are subject to entry.

Of the grants made by the treaties to individual indians and others 24,290.00 acres have been located within the regular canal tiers; thus depriving the State [of] by far the most valuable portion of the lands upon which she has heretofore relied as a source of income.

In lieu of these grants, there have been selected out of other lands belonging to the United States 69,883 acres, which are supposed to form but a fair equivalent for the lands withheld from the State.—These selections, however, under the construction given to the law cannot be disposed of by the State until the title be perfected by an act of Congress, as in the case of the selections made in 1830, in lieu of lands sold and reserved in former treaties.

In my communication to the Secretary of the Treasury these facts were partially noticed, and I expressly advised him that the State relinquished her claim to the 24,290 acres only on condition that Congress confirmed the selection of the 69,883 acres, supposed to be a just equivalent for their loss. The grounds upon which I predicate this claim of the State are these; first, that the fee-simple to all the unsold lands, whether Indian or otherwise, resides in the General Government; secondly, that the Indian title is a possessory one merely; thirdly, that the act of Congress of 1827, under which the State claims, operates as a deed of conveyance; and fourthly, that it is not competent for the government by any subsequent act to transfer to others, without the consent of Indiana the fee-simple to the same lands. There being no mode of adjusting this difficulty, without the intervention of Congress, I respectfully requested the Secretary of the Treasury to withhold the 69,883 acres from public sale until an opportunity could be given to that body to meet and act upon the subject.[16]

---

[15] These figures agree with those given by J. L. Williams, chief engineer of the Board of Internal Improvement, in his report on the Wabash and Erie Canal, November 27, 1840, in *Documentary Journal,* 1840-41, Senate Doc. No. 1, pp. 23-24.

The operations of the Board of Public works have necessarily been limited. Their duties have been confined principally to closing the outstanding contracts with contractors; the assessment of damages; the preservation of the completed portions of the public works; the construction of a part of the Madison and Indianapolis Rail-road; and the completion of the Wabash and Erie canal to Lafayette. To accomplish the latter object, the Legislature, by law, pledged to the contractors the proceeds of the sales of the canal lands already named. The 33,887 dollars, therefore, reported as having been received from this source, have been applied, by the commissioner, to the payment of their claims.[17]

---

[16] The Assembly passed a joint resolution instructing the senators and requesting the representatives in Congress "to use their influence to procure a confirmation of the 69,883.47 acres of land" selected by the commissioners, adding that "should said selections not be confirmed, and proper compensation thereby withheld, that great injustice will be done the state of Indiana. It is considered that said selections were just and equitably made, and the same is hereby authorized to be received and accepted in lieu of said Indian reserves as before referred to." *Laws of Indiana,* 1840-41 (local), pp. 214-15.

On December 29, 1840, James Whitcomb, commissioner of the General Land Office, sent to Governor Bigger a list of errors and discrepancies in the list of lands selected by the commissioners in order that they might be corrected. He added that the land office at Fort Wayne had been instructed to withdraw from sale or entry all the land selected. *Senate Documents,* 26 Congress, 2 session, Vol. 4, Doc. 190, p. 16.

Congress was unwilling to go along with the confirmation of the estimated equivalent of 69,883.47 acres valued at $3.75 per acre instead of the 24,219.14 acres valued at $8.25, and an act was passed and approved on August 29, 1842, which vested in the State of Indiana 24,219.14 acres to be selected under the authority of the Governor from any unsold public lands within the state not subject to pre-emption as an equivalent of lands covered by the Miami reservation. U. S. *Statutes at Large,* 5:542-43.

[17] See Sec. 6 of the act providing for selection of canal lands, passed at the last session. *Laws of Indiana,* 1839-40 (general), pp. 29-30. See

The result of the Legislation of last winter on the general prosperity of the State has been the reverse of beneficial. It may be seen, for example, in the reduction of between fifteen and twenty millions of dollars in the value of all real and personal property; in the augmentation of the public debt some 85,000 dollars, in the way of damages to contractors; in visiting distress, and frequently ruin upon the working and industrious portions of community, by refusing them employment, and paying them in funds which subjected them to the tender mercies of the broker and shaver—and all this too without a step being taken—an effort made, or a measure suggested, either to liquidate the public debt, or to meet the annual interest accruing upon it.

The amount of tolls collected on the Wabash and Erie Canal is about 3,000 dollars; on the White water 1,500 dollars; on the Madison and Indianapolis Rail Road 14,000 dollars; and on the New Albany and Vincennes McAdamized Road nothing that I know of.[18] The individual having charge of this work has not seen fit to make any report to the executive; Indeed, I am not aware, that it was made his duty to do so.

The policy of completing some two or three of our public works is to my mind unquestionable. Through the politeness of the Marshals employed in taking the census, I have learned that about 900,000 bushels of corn, 67,000 bushels of oats, 30,000 bushels of wheat, and 20,000 head of hogs have been raised in Marion county this year. A better, a more striking illustration, perhaps, of the disadvantages under which the farming interest of the interior

---

also the annual report of the Board of Internal Improvement (November 30, 1840) in the *Documentary Journal,* 1840-41, Senate Doc. No. 1.

[18] In a report to the Board of Internal Improvement, dated November 18, 1840, by John Frazier, superintendent of the New Albany and Vincennes Road, it was stated that the six toll gates on the road between New Albany and Paoli had been first closed on October 10, and by November 10, \$657.98½ had been collected. The New Albany-Vincennes mail stage was to pay a fee of \$605.90 per year, in quarterly installments. One additional toll house was to be erected, and if certain amendments to the law, recommended by Frazier, were made governing the use of the road, he estimated the proceeds might run to \$10,000 a year. *Documentary Journal,* 1840-41, House Doc. No. 41. See also the report of Noah Noble, president of the Board of Internal Improvement, in *House Journal,* 1840-41, p. 144.

labors, for the want of some cheap and convenient thoroughfare to market, cannot well be offered, than by simply stating the difference of value between the foregoing articles *here* and on the banks of the Ohio last summer. Corn *there* commanded from 40 to 43 cents a bushel, *here* from 15 to 20—a difference of one half against the farmer of Marion, or upon the 900,000 bushels of 180,000 dollars. Startling and incredible as this fact may at first appear, though limited to a single county, still what must be its character when the produce of all the surrounding and interior counties shall be included in the estimate! With it in possession, need the advocate of Internal Improvement ask a surer guaranty to secure for him an attentive and successful hearing, from the people, and in the halls of legislation?[19]

Whilst the receipts and expenditures of the State were limited to the mere support of the government, the necessity of maintaining such an organization of the Executive Department as that some one of its branches should always serve as a check upon the rest, appeared of little or no importance. Hence, from time to time, as new interests sprang up and new responsibilities were created, we find the legislature, instead of adhering closely to the check principle, invariably departing from it. The offices, for instance, of Auditor and Treasurer, were created by the constitution, with the express intention that the former should operate as a check on the latter; nevertheless, such have been the course and effects of legislation, for the last few years, that in respect to several of the public funds—the College fund, the Saline fund, the three per cent., fund, and the Surplus Revenue, that wise and provident precaution has been wholly neglected. The Treasurer is authorized by law to loan all these funds at his own pleasure.[20] The improvement fund belongs to the State, and its receipts and disbursements should be subjected to the management and control of the constitutional officers, the Treasurer and Auditor. Indeed every receipt and payment on account of the State should appear on their respective books. The existing laws, in not requiring such a safe guard to the due application of the public money, are very defective. To accomplish an object of such vital importance and to secure a proper accountability from the officers in charge of that branch of the public interest, the amending exercise of your authority is indispensably requisite.[21]

---

[19] See also Governor Bigger's remarks on classification in his message to the Assembly, in *House Journal,* 1840-41, pp. 35-38.

[20] A select committee of the House, considering a change in the mode of doing business in the offices of the State Auditor and State Treasurer, reported that they were convinced that certain changes were very necessary. A bill was reported to amend the act authorizing the lending of the College Fund; it passed the House, but failed in the Senate. *House Journal,* 1840-41, pp. 234, 235, 854 (House Bill 121).

While the pecuniary condition of the country has undergone frequent and severe fluctuations within a few years past, the currency of Indiana has varied less, perhaps, than that of any other State in the Union. The circulation of our Bank, though now as low as it has been at any time for the last two years, is yet only about one-fourth less than when it was highest. A larger portion of it than usual now circulates out of the State, and the currency of other States forms, at the present time a smaller portion of our circulating medium than heretofore. Yet, what would our situation have been, if our State Bank, like many of the banks of other States, had been forced to diminish its circulation to less than one-fourth of what it was previously? If, by losing, perhaps, a third of our currency, much distress has been experienced in the collection of debts, what a pressure would have prevailed if there had been in circulation, but one-third of the present amount? However great the evils of a depreciated currency may be, it is better to endure them, for a limited time, than the ruin which must follow the general collection of debts in a medium suddenly made many times more valuable than that in which they were contracted.[22]

---

[21] The House committee on canals and internal improvements was ordered to report a bill "embracing a complete system of receipts and disbursement of the Internal Improvement funds, so that the same may be made to pass through the books of the Auditor and Treasurer, in the same manner as is provided by law for the receiving and disbursing the ordinary receipts and expenditures of the state." It complied, and the bill was passed and approved. *Laws of Indiana,* 1840-41 (general), pp. 210-13.

[22] For the annual report of the bank, November, 1840, see *Documentary Journal,* 1840-41, House Doc. No. 7.

Little or no benefit can arise from legislation on these matters unless the public feeling shall approve the policy that may be adopted. Collected, as you are, from all parts of the state, and representing the wishes and welfare of the whole people, it is for you to say whether any measure can be adopted for the interest in general of both debtors and creditors, that shall gradually correct all excesses. As the early resumption of specie payments is now confidently expected, there will be but little danger of over-banking for a time. The other extreme, for the present, is most to be feared. If you find on examination that the State Bank has been prudently managed, it will be a matter of consideration for you to determine whether its operations can be made more beneficial to the State and the people. An early increase of its capital, provision for paying the amount due from the State, and authority for a limited period, to issue small notes, may it is believed, materially aid us in passing through the present crisis.[23]

When the banking experiments of the last five years are reviewed hereafter, will the error of those who would bank without capital appear more absurd, than the embarrassments and obstructions created to prevent real capital from performing its legitimate office? The most skilfully conducted banks in the world, are said to be those of Scotland. Frequent settlements with each other and prompt payments of customers, have not required them to abandon the use of one pound notes, or to keep large amounts of specie on hand. It is to be hoped that a similar state of things will exist here, and that the whole means of the bank may be safely and efficiently exercised for the public good. The reckless warfare of the General Government upon the business and currency of the country, and upon the institutions established by the States will be shortly closed. Whilst such an unpropitious influence was exerted, it was folly to suppose that capital and credit could maintain a useful existence.

In my last annual message, the necessity of a wider diffusion of the benefits of education was alluded to, and steps suggested with a view of accomplishing that desirable object. We have in successful operation among us institutions where the higher branches of education are taught with unsurpassed ability. I may refer to the State University at Bloomington, now it is hoped about to recover from the painful embarrassments which have in a degree impeded its progress;[24] to the excellent institution at Hanover, which has struggled with commendable energy and success in the midst of adversity;[25] to the Wabash College, which has occupied an honored stand among her sisters, for the success with which learning and the arts have been cultivated under the auspices of her late accomplished President, whose lamented death will be long and severely felt;[26] and to the Indiana Asbury University, which has recently opened its halls to the votary of science, and where piety, learning, and exalted talents, have consecrated their choicest gifts. The efforts of individual and associated enterprise, have established flourishing seminaries in many of our large towns. But here I must close the picture so radient with hope and promise. Our State can never attain the proud distinction we fondly anticipate for her, until an efficient system of common school instruction be established. The advantages of the higher institutions of learning are necessarily confined to a favored few. The blessings of the common school are dispensed far and wide, to the obscurest corner of the State, and pervade all the strata which compose the social fabric. They are emphatically the colleges of the people. The men of the forest and the prairie—our support in peace and defence in war—should be furnished with the means of educating their rising offspring. Let the schoolhouse be planted by the road side, and the love of its precepts, imbibed among the dreams of youth, will survive the cherished wishes of manhood. The church of the living God will soon follow. The beneficent effect of that wise policy will be seen in the virtue and intelligence of the people—in their enlightened attachment to their country, and to the free institutions which bless and exalt it. If such means of improvement were at work every where in the Union, the days of the Republic would not soon be numbered. Her course would be onward and upward, and it would be as idle a presumption to attempt to arrest it, as it would be to aspire to chain the tides or imprison the winds of heaven.

---

[23] The Assembly passed an act providing for issuing state bonds to pay the principal and interest due to the bank from the state, and also an act extending the bank's privilege of issuing small notes. *Laws of Indiana,* 1840-41 (general), pp. 194, 199.

---

[24] For the report of the House committee on the affairs of the state university, see *Documentary Journal,* 1840-41, House Doc. No. 31.

[25] A House report praising the progress of Hanover College is printed in the *House Journal,* 1840-41, pp. 629-30.

[26] Elihu Baldwin.

I cherish the anxious expectation that this subject will occupy a leading place in your deliberations. I think, in addition to the recommendation contained in my last annual communication, that the appointment of a Superintendent of Common Schools would be attended with beneficial results.[27]

It affords me pleasure to comply with the request of the citizens of the city and county of Washington and the county of Alexandria, by presenting to you a copy of the address of their delegates in convention assembled, to the people of the United States and to their several legislatures.[28] No adequate motive can be assigned for the extraordinary legislation which forms the ground of complaint, other than the fixed determination of the majority in Congress to punish the frank and unreserved expression of opinion on the part of the people of the District. This insufferable breach of justice and good faith perpetrated by the selected guardians of the nation's honor and the people's constitution, should create a sensation reaching to the remotest limits of our wide spread country. It is in keeping with the conduct of those who disfranchised a sovereign State and trampled under foot the right of the people to select their representatives, with a view of carrying into effect the repudiated policy of their chief. With such, right and might are synonymous terms. The withdrawal of the charter of the banks was done professedly to carry out the policy of government in reference to the currency. So wide is the variation, however, between the profession and the practice of the men, who laid their ruthless hands upon those institutions, that it is in vain to seek in that pretext for the motives that led to the destruction of the fiscal agencies deemed necessary in the District, for the protection of commerce and industry. The change in its municipal charter, relative to the elective franchise, in defiance of the wishes of the inhabitants, was an indefensible exercise of power.

---

[27] The committee on education to whom this part of the message was referred, reported that they considered it "unexpedient and unnecessary" to provide for a superintendent of common schools. The matter was then referred to a select committee which made a favorable report and introduced a bill (No. 291) providing for the appointment. *House Journal,* 1840-41, pp. 344-45, 541; *Documentary Journal,* 1840-41, House Doc. No. 48. No action was taken on the bill. A very long, detailed but ineffectual act was passed to revise and amend the 1838 act incorporating Congressional townships and providing for public schools therein. *Laws of Indiana,* 1840-41 (general), pp. 51-96. It concerned the office of school commissioner, sale of Congressional school lands, lending school money, distributing school funds, and the offices of township trustee and township treasurer.

[28] This is printed in the *Documentary Journal,* 1840-41, House Doc. No. 10, pp. 173-98. The address was a remonstrance against the abuse of power exercised by the ruling majority in Congress over the affairs of the District of Columbia. The Indiana General Assembly did not take any action on the address at this session.

It is of incalculable importance to every community that the safeguards and peculiar institutions which it deems necessary to the efficient preservation of the peace, good order, and safety of society should be preserved inviolate. The District, having no representative, Congress should exert a protecting care over her interests, and faithfully reflect her views in relation to her own domestic polity. An enlightened nation will not silently acquiesce in the asserted right of Congress to make experiments upon the District, and to tamper with her most precious interests, against the known and expressed will of her people. Referring you to the masterly and eloquent address for detailed information, permit me to submit to you the propriety of adopting such resolutions as the sense of justice and the promptings of sympathy may suggest.

This day closes my public relations with you and the people of Indiana. The condition of the State in many respects, since I have occupied the Executive chair, presents an altered aspect. How far it is to be attributed to any agency of mine, propriety forbids me to speak. After the distorting medium through which we behold the public men and judge of the public measures of the present, shall have passed away, I shall cheerfully await the verdict of my fellow-citizens. My undivided attention has been bestowed upon the trust confided to me. Having endeavored to discharge its duties with fearless independence, and with an eye single to the interests and honor of the State, a calm review of my public life awakens no sigh of regret and administers no sting of self-reproach. Your duties are solemn and arduous. May the great Ruler of men and of nations preside over your deliberations and bless your labors.

DAVID WALLACE

EXECUTIVE CHAMBER, December 8, 1840.

INDEX

INDEX

Abrahams, Israel, 434.
Adjutant general, expenses and salary, 67, 68, 187, 208, 210, 280, 282.
Agriculture, importance of transportation facilities to, 470-71; recommendations and legislation regarding, 19, 64-65, 190-93n, 399-409n.
Alabama, resolution of, 188.
Alexander, M. K., 105, 236n.
Alexander, Robert, letter, 430.
Alexander, William, 66, 72, 207, 216, 285.
Allee, B., 287.
Allen and Stadts, 287.
Atkinson, E., 218.
Auditor of State, office of, recommendations and legislation, 471-72n; report, 179n.

Baird, Thomas D., legislator, 331n-32n.
Baldwin, Elihu, 474n.
Ballenger, Daniel, 139.
Bank of Erie Co., N. Y., buys Indiana bonds, 219, 241, 414.
Bank of Western New York, buys Indiana bonds, 219, 414.
Banks and banking, 377-78, 473. *See also* Specie; State Bank of Indiana.
Barlow, Wilson B., 139n.
Beal, Frederick, 421n.
Beers, J. D., & Company, investment firm, buys Indiana bonds, 12n, 240.
Beitzell, Henry, letter to Noble, 383.
Belmont, August, letter to Treasurer of State, 271-72.
Benton County, organization and first officers, 430-31n.
Berry, Andrew, 431n.
Bicknell's Reporter, 217, 287.
Biddle, E. R., 270, 275, 354.
Biddle, Thos., & Co., buys Indiana bonds, 240, 241.
Bigger, Samuel, resigns as president judge, 422; candidate for governor (1840), 269n-70n, 422n, 431; elected, 43.
Black & Ball, 74.
Blackford, Isaac, Supreme Court judge, 21, 84-85n.
Blackford County, sheriff, 421.
Blake, Thomas H., 13, 15; candidate for U. S. Senator, 245n; comr. Wabash River improvement, 105, 236n, 277; member Board of Internal Improvement, reports, 93-109, 131-34, 227-37.
Bloomfield, Lot, 434.
Bloomington (Ind.), school for deaf and dumb, 184n.
Bonded indebtedness, state of Indiana, amount of (totals), 326, 367, 412-13, 460-61; bonds sold

Bonded indebtedness (cont.)
  (1839), 242, 254-55, 259; failure of bondholders and efforts to collect from them, 20, 30-32n, 87-88, 260-61n, 326-27, 330, 342, 460; compromise agreement with bondholders, 387, 389-91, 460; sources of income for extinguishment of, 158-62, 368;
  interest on: amount of (totals), 299, 327-28, 367, 384-86, 397-98, 413; amount due, Jan. 1840, pp. 276-77, 308-9; payment of, 69, 89, 91-92, 155, 211, 212, 220-21, 237, 252, 268n, 270, 299, 305-6, 306-9, 327-28, 367, 368-69, 461-62; state not to pay on money not received, 327, 399n;
  for internal improvements, 10, 12n, 30-32n, 33-34, 35-36, 45, 62n, 85-86, 90-91, 154-55, 239, 241-42n; for Lawrenceburgh and Indianapolis Railroad, 239n, 300; for State Bank, 12n, 25-26, 29, 239n, 260n-61n, 300, 386-91; for Wabash and Erie Canal, 12n, 85-86, 90-91, 154-55, 239-42n. *See also* Internal Improvement Fund; Wabash and Erie Canal Fund.
Boon, George, 253n.
Boon, Ratliff, 245n.
Boughon, Richard, 135.
Bowen, W., 287.
British investors, *see* M. M. Rothschild & Sons.
Brookville (Ind.), home of Wallace family, 4, 5, 7-8; decline of, 7-8; on Whitewater Canal, 11.
Brown, B., 287.
Brown, William J., 74, 75; candidate for Congress, 52; secretary of state, letter from Samuel W. Harlan, 256-57; from John W. Wright, 421-22; letter to bank directors, 309.
Brugh, Jacob, letter, 421.
Bryant, William P., resigns as state senator, 266-67.
Buell, George P., 269n.
Burnett, Alexander S., 17n-18n.
Burr, David, 105n, 236n.
Butler, Beale, letter, 148.

Cain, John, postmaster, payments to, 74, 75, 217, 218, 286, 287.
Calhoun, John C., 340n.
Campbell, Andrew, 439.
Canals, Richmond to Brookville, 108. *See also* Central Canal; Cross-cut Canal; Erie and Michigan Canal; Wabash and Erie Canal; Whitewater Canal.
Carleton, James P., 376n.
Carter, Chauncy, 421.
Cathcart, Charles W., legislator, report, 376-81n.
Centerville Academy, 183n.
Central Canal, surveys for and construction, 10n, 24, 99, 161, 162, 229, 231, 270, 360, 363; possible connection with Whitewater Canal, 231-32; expenditures on and amount needed to complete, 293, 334, 413; water power, 131.
Chase, Henry, 262n.
Christmass, Livingston, Prime & Coster, investment firm, buys Indiana bonds, 85, 86, 240.
Cincinnati *Liberty Hall,* 3-4.
Clark, John, 439.
Clarkson, Coker F., 346.
Classification of internal improvement projects, issue in election of 1837, pp. 14-17, 62-64; position of Board of Internal Improvement on, 37, 95, 373-74; legislation on, 46n.

Clay, Henry, defeated for president (1832), 9; letter to O. H. Smith, 30n; U. S. Senator, 51; favors distribution of proceeds from sale of public lands, 51, 339n-40n, 464.

Clendenin, John G., 74, 109n; member Board of Internal Improvement, reports, 93-109, 227-37.

Cline, George, resigns as representative, 151.

Coe, Isaac, fund commissioner, 255, 270; appointment, 113n; attends convention, 78n; investigation of conduct, 341n; defends action of himself and board, 130, 411; letter to Noble, 257-58; report, 219-24; services terminated, 29n, 254n.

Coffee, James, 218.

Cohen, J. J., Jr., & Bros., investment firm, buys Indiana bonds, 12n, 91, 240, 241; default on payments, 20, 87-88, 128-30; compromise agreement with, 221-24, 291, 294, 413, 414, 415-16.

College Fund, interest charged, 214; receipts and expenditures, 66, 67, 72, 124-25, 125-26, 207, 209, 216, 279, 281, 285.

Collett, Stephen S., 438n.

Comeyges, Levi, 217.

Commons, William, 434.

Congressional Township School Fund, receipts and expenditures, 73-74, 217, 286.

Conn, John, 134n.

Connecticut, resolutions of, 188, 465.

Constitution of 1816, provisions: re bill becoming a law, 353n; re support of agriculture, 401.

Constitutional Convention (1850-51), Wallace a delegate, 52, 456n.

Contingent fund, expenditures, 74-75, 217-18, 286-87.

Courts, *see* Supreme Court.

Covington (Ind.), Wallace family moves to, 8.

Cox, C. & J., 74, 218.

Cox, Jonathan P., pardoned, 253.

Cravens, James H., 50; legislator, 266n, 331n.

Cross-Cut Canal, construction, 10n, 99, 107, 161, 162, 301-3n, 359, 360; expenditures on and amount needed to complete, 293, 334, 413; water power, 131, 363.

Culley, David, 9.

Cumberland Road, appropriation for, 395; construction, 37, 350n; convention held to promote, 349-50n.

Cummerford, George, coroner, 256n.

Cutter, George W., 399n.

Deaf and dumb, education of, 27-28, 183-84n; number in state, 184n.

Dearborn County, clerk, 22, 146-47n.

Debt, state, amount (totals), 330, 368, 414, 460, 461; House committee report on, 410-20; recommendations for paying, 330-32n. *See also* Bonded indebtedness.

Debtors, relief for, 352n-53n.

Delaware County, sheriff, 256.

Delong, Samuel, 434.

Delphi *Oracle*, quoted, 16.

Deming, Demas, 254n.

Democratic party, in Congressional elections (1833), 9; (1835), 10; (1839), 30; (1841), 50; in gubernatorial elections (1834), 9; (1837), 13-18; (1840), 42-44, 269-70n, 431, 438-39; in presidential

Democratic party (cont.)
elections (1832), 9; (1836), 10; (1840), 42-44; members in General Assembly (1839-40), 39, 40, 269, 328n-29n; national administration blamed for depression, 35, 323, 340-41; answer to charges, 377-81, 393-97; overthrown by election of 1840, pp. 453-54.
Democratic Republican party, in election of 1831, p. 7.
De Pauw University, *see* Indiana Asbury University.
Detroit and Pontiac Railroad Company, buys Indiana bonds, 220, 241, 414.
Dewey, Charles, 42, 245n; Supreme Court judge, 21, 84-85n.
Dill, Alexander H., 22, 146.
Dill, James, death, 22, 146.
District of Columbia, remonstrance against power of Congress over, 475-76.
Dooley, Henry, 74.
Doty, Jacob, 218.
Douglass & Noel, printers, 74.
Dowling, John, letter to Noble, 301-3.
Dublin Academy, 182.
Dumont, John, candidate for governor (1837), 15-18.
Dunham, John E., 434.
Dunn, George H., 176, 323n.
Dunn & Spooner, 147.
Dunning, Paris C., trustee of Indiana College, report, 120-28.

Eason, Alexander, 134n.
Eastern Indiana Teachers Association, 27, 183n.
Eckels, Delana R., resigns as prosecuting attorney, 453.
Economic depression, *see* Financial distress.
Education, issue in election of 1837, pp. 15, 16; interest from surplus revenue used for, 15n-16n, 23, 156n, 179-80n, 465-66n; land grants for, 125-26; recommendations and legislation, 19, 23, 27-28, 36-37, 46-47, 64, 182-84n, 344-46n, 473-75n; state convention, 28, 183n. *See also* College Fund; Congressional Township School Fund; Deaf and dumb; Indiana University; Teachers.
Eggleston, Miles C., 5, 147.
Ehnist (?), Roswell, 434.
Elections and election campaigns, fraud charged, 44; treating at, 253; *for Congress* (1831), 7; (1833), 9; (1835), 10; (1839), 30, 325 (votes cast); (1841), 49, 50; (1843), 52; *for General Assembly* (1839), 30; *for governor and lieutenant governor* (1831), 7; (1834), 9, (votes cast) 58n; (1837), 13-18, (votes cast) 58n; (1840), 42-44, 269-70n, 431, 438-39; *for president* (1832), 9; (1836), 10, (votes cast) 58n, (expenses) 67,208; (1840), 30, 42-44, 428n; *for U. S. Senator,* 245.
Elections, local, writs for special issued, 134, 139, 140, 146n, 148, 151, 266, 267, 433-34.
Elliott, William, 337.
Elson, N. O., 218.
Elston (Ellston), Isaac C., 410.
Erie and Michigan Canal, surveys for and construction, 10n-11n, 98-99, 107-8, 161, 162, 229-30, 362-63n; expenditures on and amount needed to complete, 293, 334, 413.
Espy & Sloan, 218, 287.
Evans, Abel, 434.
Evans, George M., 434.

Evans, Thomas J., speaker of House, 19, 306.
Evans, William, 434.
Evansville Trust Company, bill to incorporate vetoed, 135.
Everts, Sylvanus, 376n.
Ewing, Charles W., resigns as president judge, 261-62.
Ewing, George W., 421.
Ewing, John, 278.
Executive department, appropriations for and expenses of, 67, 68, 74-75, 208, 209, 280, 281, 455; recommendations and legislation regarding, 168n. *See also* Governor.
Exports, quantity (1837), 61-62n.

Farrington, James, fund commissioner, 255; appointments and resignation, 29, 254; reports, 219-24, 238-42.
Fauntleroy, Robert H., 101n.
Federal government, appropriations and lack of for internal improvements, 339, 350n, 351, 395. *See also* Surplus Revenue; Three Per Cent Fund; United States Congress.
Ferry, Lucius P., 421.
Fields, Nathaniel J., legislator, committee report, 246-48.
Finances, state, *see* Bonded indebtedness; Fund Commissioners; Revenue; Scrip; State Bank of Indiana; Taxes; Treasurer of State, reports.
Financial distress, 12-13, 20, 33-34, 45, 83-84, 211, 220, 329-30, 351-52; causes of, 35, 300-1, 319, 340-41, 371, 376-81, 393-99n; determination to maintain credit of state during period of, 45, 301, 319, 374-75, 462-63.
Fines, militia exemptions, amount collected and distributed, 69, 208, 210, 280, 282.
Finley, John, 434.
Fisher, Elwood, legislator, 399n, 420.
Fitch, Graham N., 422; legislator, report, 393-99n.
Fletcher, Calvin, bank director, attempt to remove, 38, 310n; comr. of sinking fund, 206; quoted on credit system, 198n; on defalcation of investment firms, 260n.
Fletcher, Sarah (Hill), 3.
Floyd County, associate judge, 139-40n.
Folts, Frederick, 74, 75.
Foreign investors, buy Indiana bonds, 238-39, 271-73.
Forrer, Samuel, 104.
Fortner, James, 434.
Fort Wayne Branch Bank, 81.
Franking privilege, requested for officers of agricultural societies, 409n.
Franklin College, 182.
Frazier, John, 328n, 470n.
Fugitive slaves, *see* Slaves, fugitive.
Fund Commissioners, Board of, created, 6-7n, 113n; appointments to, resignations, removals, 7n, 29, 113, 254, 410; compensation, 129; criticism of, 398, 411; reorganized, 29, 40, 254n, 328n-29n, 410n; annual reports, (1837), 20, 85-90; (1838), 219-24; (1839), 33-34, 288-301; special reports, 90-93, 238-42, 384-86; negotiates sale of bonds, 62n, 85-86, 90-93, 154-55, 219-20, 239-42n, 254-55, 259, 276; purchases specie for payment of interest in 1837, pp. 86, 89, 92; makes compromise

Fund Commissioners (cont.)
agreement with bondholders, 20, 88-89n, 221-24, 354; efforts to collect funds from bankrupt bondholders, 31, 87-88, 264-65, 270, 301, 460; arrangement with branches of State Bank re payment of contractors, 92, 242, 257-58, 259, 317; investigation of conduct, 128-30, 341n; recommendations and legislation re, 224, 410n; agreement with Madison Company for continuation of Madison and Indianapolis Railroad, 274-75n, 435-37n; requests help of State Bank in meeting interest payment, 32, 306-9, 385.

Gardner, Andrew, 106n.
General Assembly, apportionment, recommendations and legislation, 44-45, 57n, 456;
  elections, Board of Internal Improvement, 109n, 164n; prosecuting attorney, 453n; U. S. Senator, 245;
  expenses and appropriations for, 67, 68, 71, 74, 208, 210, 280, 281, 282, 324, 455;
  members, impeachment of, 268; politics of, 19, 30, 32-33, 269n; messages to (1837), 18-19, 55-65; (1838), 23-28, 153-93; (1839), 35-37, 323-52; (1840), 44-47, 453-77; relations with Samuel Merrill, 38, 83n, 310n; with Governor Wallace, 48. *See also* House of Representatives; Senate.
Geological survey, expenditures for, 67, 68, 75, 208, 210, 280; recommendations and legislation re, 181-82n, 347-48n, 404-5.
Georgia, resolution of, 188.
Gordon, C., 74.
Governor, allowance for housing, 187n; power of appointment curbed, 109n; power over State Bank, limitation recommended, 26, 169-71n; private secretary, 75, 218, 219, 287, 353; residence purchased for, 188n. *See also* Noah Noble; David Wallace.
Governor's Circle, expenditures on, 75, 218, 287.
Governor's Mansion on Circle, used for storage, 187.
Governor's Mansion at Market and Illinois streets, purchase of, 188n; illustration, *facing* p. 18.
Graham, John A., member Board of Internal Improvement, elected, 109n, 164n; criticism of, 277; reports, 93-109, 227-37, 355-75.
Graham, William, 176.
Great Lakes, shipping on, 61-62n, 351.
Gregg, Marlin, 434.
Gregory, James, 7.

Hall, Samuel, 43.
Hanna, R. & V. C., 75.
Hanna, Samuel, fund commissioner, appointment and resignation, 113n, 254n; defends action of board, 130; reports, 85-90, 90-93.
Hannah, Samuel, 434.
Hanover (South Hanover) College, 182, 474.
Harbor, Michigan City, 37, 351, 395.
Harlan, Samuel W., letter, 256-57.
Harrah, Daniel, 438n.
Harris, Washington, 434.
Harrison, William Henry, relations with Wallace family, 3, 4; candidate for president (1836), 10;

(1840), 30n, 42-44; president, appointments, 49-50; death, 50.
Harrison Insurance Company, 353.
Hartford, John, 184n.
Haymond, Rufus, 457.
Hazlett & Wilson, 75.
Hendricks, Abram, 432.
Hendricks, Adam A., 439.
Hendricks, William, 21, 435, 436, 437; member of Madison Company, makes contract with Fund Commissioners, 274-75n.
Henley, Thomas J., legislator, report, 410-20.
Hensley, Benjamin, superintendent of State Prison, 46, 185n, 346n, 457.
Hillis, David, candidate for lieutenant governor, 15n, 17n-18n; selects land for canal grant, 446, 447-50, 467.
Hoagland, Thomas, 218.
Hodge, James, 183.
Hornish, M. L., 434.
Hornish, Martin, 434.
Hoshour, Samuel K., 183n.
House of Representatives, committee reports: on agriculture, 399-409; on canals and internal improvements, 375n-76n; on conduct of Fund Commissioners, 128-30; on education, 345; on state finances, 249-52n; on Governor's message, 393-99n; on liability of Fund Commissioners, 341n; on State Bank, 19, 77n-78n, 310n, 343n; on state debt, 410-20; on state revenue, 246-48; receives veto message, 353; reports and documents transmitted to, 219, 391-93; speaker of, 269, 278; special election to fill vacancy, 151.
Hovey, Edmund O., 8, 183n.
Howard, Tilghman A., candidate for governor (1840), 42-44, 438-39; for U. S. Senator, 245n.
Hubbard, Richard J., legislator, committee report, 249-52.
Hurd, Alanson M., 62n.
Hutson, Asa, 218.

Illinois, co-operates with Indiana on improving navigation of Wabash River, 104-6n; on connecting Indiana canals with Illinois improvements, 230-31.
Importations of foreign goods, 400, 401, 402, 408-9; contributing cause of depression, 340.
Incorporations vetoed, Evansville Trust Company, 135; Harrison Insurance Company, 353.
Indiana, agreement with Ohio on construction of Wabash and Erie Canal, 96, 336-37n, 362; co-operates with Illinois on improvments, 104-6n, 230-31; relations with Michigan on improvement of navigation of St. Joseph River, 189-90n.
Indiana-Ohio boundary, expense of running, 217, 287.
Indiana Asbury University, beginnings, 182, 440n, 474; Wallace's address at inaugural of first president, 440-45.
Indiana College and University, 182, 474; chair of agriculture proposed, 406, 407; curriculum, 123-24; expenditures for, 67, 281, 285; faculty, 121-22; government of, 122-23; investigation of, 343-44n; number of students, 121; report of trustees, 120-28; student expense, 125; training of teachers proposed, 37, 126, 345-46n; be-

Indiana College (cont.)
comes university, 126n. *See also* College fund.
Indianapolis Branch Bank, 260.
Indianapolis Donation, receipts and disbursements from sale of lots, 66, 188n, 207, 209, 279, 281.
Indianapolis *Indiana Democrat,* 354n; accusation re Madison Company, 435-37n; attitude toward Wallace, 13-14, 17-18; comment on Governor's message, 153n.
Indianapolis *Indiana Journal,* publishes campaign paper, 353n-54n; quoted on attempt to remove officers of State Bank, 310n; supports Wallace, 17, 48.
Indians, *see* Miami Indians; Potawatomi Indians.
Internal Improvement, Board of, created, 11; reorganized, 24-25, 40, 109n, 164n, 328n-29n, 355, 410n, 423; annual reports (1837), 93-109; (1838), 227-37; (1839), 37-38, 355-75; special report on water power, 131-34; acknowledges mistake in not classifying public works, 37, 373-74; criticism of, 142-43, 277; division of duties among members (1839), 355-56; expenditures limited, 25, 29, 356; incidental expenses, 413; policy in letting contracts, 163-65n, 228-29, 233-35, 358-61, 371-72; orders re suspension of work, 262n-64n, 265-66, 365-66; transfer of contracts, 29, 303n, 359; relations with Madison Company organized to continue railroad, 274n, 432-33, 435-37n; difficulties in carrying out legislation, 356-61, 423-28; review of operations and policies, 369-75; asks interpretation of law on payment of contractors, 428-30, 431. *See also* Internal Improvement Fund; Internal improvements.
Internal Improvement Fund, receipts and expenditures, 241, 242, 290-94, 297-300, (totals) 326, 412-14.
Internal improvements, appropriations from Federal Government, 395; from Three Per Cent Fund, 193-94n; construction of, 11, 13, 24, 29, 140-44, 161-62; costs higher than estimated, 372;
  contractors: relief of, recommendations and legislation, 36, 39, 40-41n, 331-32n, 365-66; interpretation of law re payment of, 428-30, 431; settlement with, 381-82, 383, 424-28;
  contracts for: policy in letting, 163-65n, 228-29, 233-35, 358-61, 371-72; transfer of, 29, 303n, 359; outstanding (1839), 357-58, 364-65;
  expenditures on and amount needed to complete, 208, 280, 334-35, 413; effect on land values, 246-48; engineer corps, 355, 366, 423; financing, 10, 11-12n, 26, 33, 35-36, 37-38, 90-91, 143-44, 154-55, 254-55, 276, *see also* Internal Improvement Fund; labor force, 94n; work suspended, 30-31, 262-64n, 265-66, 301-3n; efforts made to collect sufficient funds to place works in state of preservation, 31, 270, 301; resumption of work, plans, recommendations, and legislation, 260n, 273-74, 320, 332-36n, 370-71, 375n-76n, 470-71; loss to be sustained by state by abandonment, 391-93; a political issue, 14-17, 438-39n; recom-

mendations and legislation re, 10, 19, 24-25, 29, 36, 46, 56, 93-109, 140-44, 163-65n, 332-36, 470-71; relation to agricultural and commercial interests, 164n, 470-71; tolls collected, 336, 470; use of water power, 131-34, 363. *See also* Canals and under names of various canals; Classification of internal improvements; Lawrenceburgh and Indianapolis Railroad; Michigan Road; Roads; St. Joseph River; Wabash River.

Iron, manufacture of, 62n, 348, 403.

Jackson, Andrew, elected president, 9; vetoes Clay's land bill, 339.

Jackson, Daniel, 139n.

James, Pinckney, letter, 376n.

Jefferson County, justice of peace, 258.

Jemison, John, 434.

Jenison & Nourse, bookbinders, 75.

Jennings, Milton, 430-31.

Johnson, James B., member Board of Internal Improvement, reports, 93-109, 227-37; letter from J. L. Williams, 140-44.

Johnson, L. M., 217.

Johnson, L. W., 74.

Johnson, Thomas C., letter, 134.

Josephs, Messrs., investment firm, suit against, 87-88; compromise agreement with, 222, 413.

Judah, Samuel, legislator, 19, 41, 252n, 278, 306; letter from Wallace, 267-69; letters to Noble, 277-78, 305-6, 431; to Wallace, 253; pardoned for treating at election, 253n; report on State Bank investigation, 77n; takes exception to majority report on causes of financial distress, 399n.

Judiciary, state, salaries and expenses, 67, 68, 208, 209, 210, 280, 281, 282, 455-56; recommendations regarding, 267-68; resignations and appointments, 261-62n, 422-23, 453. *See also* Supreme Court.

Kelly, J., 287.

Kennedy, Andrew, legislator, 19, 78n.

Kentucky, resolutions of, 188-89n, 349, 465.

King, John, member Madison Company, 274-75n, 432, 433, 435-36.

King, Victor, member Madison Company, 274-75n, 435-36.

Kinney, Amory, 253n, 345.

Knox County, recorder, 278.

Lafayette Branch Bank, 81.

Lafayette *Eagle,* quoted, 31n.

Land grants, total acreage, 395; for Michigan Road, 66; for Wabash and Erie Canal (1827), 171, 175, 446-50n, 466-69n; (extension to Terre Haute), 174-75n, 243-44, 337-38n; estimated value of both Wabash and Erie grants, 367, 368-69.

Land offices, Brookville, 4, 7-8; Indianapolis, 6.

Landis & Morris, 74.

Lands, *see* Public lands.

Lane, Amos, 269n, 303n; legislator, 38, 39, 328n, 375n, 399n, 429; enmity towards Noble, 376n.

Lane, Henry S., 50.

Law, John, 277.

Lawrenceburg Branch Bank, 257.

Lawrenceburgh and Indianapolis Railroad, construction, 138n; financing, 89-90, 137-38n, 213-14n, 239n, 326; receipts and expendi-

L. and I. Railroad (cont.)
tures, 279, 280; charter surrendered, 367.
Laws, revision of (1831), 7.
Leas, James O., 256-57.
Leonard, George, member of Madison Company, 274-75n, 435-36.
Lewis, L. C., 287.
Lewis, Samuel, member Board of Internal Improvement, elected, 109n, 164n; reports, 93-109, 227-37, 355-75.
Linton, William C., fund commissioner, 7n, 113n.
Livingston, John, letter, 146-47n.
Logansport Branch Bank, 76n, 115n, 310-11.
Long, Elisha, legislator, 278; member Board of Internal Improvement, 268; reports, 93-109, 227-37.
Looker, J. H., 3.
Lucas, Joshua B., 456n.

McCarty, Jonathan, 50; candidate for governor (1840), 42, 269, 270n, 422n.
McCarty, Nicholas, 7n, 113n.
McCoy, William W., 456n.
McGaughey, Edward W., 453n.
McKinney, John T., 84n.
McPhetridge, Milton, 66, 73, 208, 216, 285.
Maddock, S. W., 218.
Madison and Indianapolis Railroad, celebration to mark opening, 152-53; construction, 24, 46n, 99-100n, 161, 162, 228, 229, 255, 264n, 360, 364, 365; expenditures on and amount needed to complete, 166n, 293, 334, 413; locomotive, 152n, 228; operation of, leased, 364; private company formed to carry on construction, 274-75n, 432-33, 435-37n; recommendations and legislation, 10n, 31, 166; tolls, 336, 470.
Madison Branch Bank, 260, 318n.
Madison *Courier,* quoted, 153n.
Madison *Republican and Banner,* quoted, 17.
Maguire, Douglass, 75, 175, 218.
Maine, resolutions of, 188-89n, 348; northern boundary, 188n-89n, 349.
Major, Daniel, 147.
Manning, Thomas, 434.
Manufactures, iron, 62n, 348, 403; encouragement of home manufacturing, 190, 192, 401-3, 405-6, 407, 409.
Marshall, Joseph G., 42.
Matson, John A., 217, 287.
Matthews, John, 75.
Maxwell, David H., president Board of Internal Improvement, 166n; reports, 93-109, 227-37.
Menominee's reserve, 150.
Mercer, David, 421.
Merchants Bank of New York, buys Indiana bonds, 242, 276.
Merrill, Samuel, 270; accused of trying to influence election, 253n; president of State Bank, negotiates sale of bonds to increase capital, 29, 255, 261n, 276-77, 386-91; conduct questioned re sale of bonds, 341n; explains payments made by branches to contractors on internal improvements, 419n; relations with General Assembly, 38, 83n, 310n; replies to Senate resolutions re branch banks, 113-15; re resumption of specie payments, 115-20; reports, annual, 20, 34-35, 76-84, 195-203, 310-22; special reports: on sinking fund, 203-6; on public debt and resources, 268-69n.

Miami Indians, trial of accused murderer, 6; reserves encroach on canal lands, 446-50; treaties (1834, 1838), 188.

Michigan, resolutions re improvement of navigation of St. Joseph River, 189-90n; want appropriation for ship canal, 465.

Michigan City, harbor, 351, 395.

Michigan City Branch Bank, organized, 76n, 114, 115n, 195, 310.

Michigan Road, scrip redeemed, 67; expenditures on, 67, 208, 280; land grant, 395; sale of land, receipts, 66, 207, 279; recommendations and legislation, 25, 108, 165-66n.

Militia, recommendations and legislation, 28, 185-87n; transportation and storage of arms, expenditures for, 74, 75, 218. *See also* Fines.

Miller, Davis, 218.

Miller, M. T., 287.

Minnick, Charles G., 151n.

Mishawaka Iron and Manufacturing Company, 62n.

Missouri, resolutions of, 348-49n.

Mix, J. B., 75.

Moderwell, A., letter, 258.

Moffatt, James T., 253n.

Moore, Asa, 174n.

Moore, Henry C., letter, 265-66.

Moore, J. M., & Co., 74.

Moore, Joseph M., 353-54n.

Morgan, Amaziah, 15, 147.

Morris, Austin W., 175, 218, 337.

Morris, T. A., resident engineer, receives instructions, 423-28.

Morris, Hazlett & Co., 287.

Morris Canal and Banking Company, investment firm, buys Indiana bonds, 12n, 29, 85-86, 91, 220, 240, 241, 242, 254-55, 386-89; defaults on payments, 29, 30-31n, 260-61n, 264-65, 342, 386-87, 389; amount due state, 414; described as adjunct of U. S. Bank, 381; fund commissioners make agreement with, 354, 387, 389-91, 415, 416-17; transaction with N. M. Rothschild & Sons re Indiana bonds, 271-73.

Morrison, Alexander F., member Board of Internal Improvement, 109n; report, 227-37.

Morrison, James, 287, 355.

Morrison, John I., legislator, report, 410-20.

Morrison, Robert, bank director, attempt to remove, 38, 310n; comr. sinking fund, 206.

Morse, Samuel F. B., 52.

Morton, William S. T., signs petition, 433-34.

Myers, John, 74.

National Republican party, in election of 1831, p. 7.

Natural resources, 181-82n, 348, 401, 402-3, 404-5.

Nave, Christian C., legislator, 376n.

New Albany Branch Bank, 259.

New Jersey, resolution of, 348.

Newman, John S., 434.

Newspapers, furnished legislators, 324.

New York, resolution of, 465.

Nickel (Nickoll), Joseph B., 456n.

Noakes, Abraham, 439.

Noble, Noah, 6; desire for Federal appointment, 49-50; party leader, 49; refuses to sell home, 18n; candidate for governor (1831), 7; (1834), 9; for U. S. Senator (1839), 245;
  governor: 13, 18; messages (1836), 11; (1837), 55n;

Noble, Noah (cont.)
    Thanksgiving Day proclamation, 304n; urges extension of Wabash and Erie Canal to Terre Haute, 144-45n;
  member Board of Internal Improvement: 41; appointment, 109n, 164n; attempt to remove, 38, 376n; continued by legislation, 40, 328n-29n; blamed for state's financial difficulties, 38; report, 37-38, 355-75;
  correspondence: letters from Isaac Coe, 257-58; John Dowling, 301-3; Samuel Judah, 277-78, 305-6, 431; Henry C. Moore, 265-66; Nathan B. Palmer, 436-37; Samuel W. Parker, 428-30; David Quinn and Henry Beitzell, 383; L. H. Scott, 259; Milton Stapp, 254-55, 264-65, 270, 273-77, 432-33; letters and orders to contractors, 30, 262-64n, 381-82; resident engineers, 423-28; Nathan B. Palmer, 435-36.

Noe, D. W., 74.

Noel, William T., 184n, 434n.

North Carolina, resolution of, 348.

Northern Cross Railroad, 231n.

Ohio, agreement with Indiana re construction of Wabash and Erie Canal, 96, 336-37n, 362; resolutions of, 188-89n, 349.

Ohio-Indiana boundary, expenses of running, 217, 287.

Olvy, W., 218.

Orchard, Jane, 184n.

Osborn, J. W., 193n.

Owen, David Dale, state geologist, 181-82n, 347-48n.

Owen, Robert Dale, 294n, 348n; candidate for governor, 42; legislator, 27.

Owen County, associate judge, 134.

Palmer, C. C., 74.

Palmer, Nathan B., candidate for Congress, 50; fund commissioner, 461; letter from Noble, 435-36; to Noble, 436-37; treasurer of state, letters to bank directors, 309; to Wallace, 136; from Wallace, 137-38; reports, 66-75, 110-12, 193-94n, 207-18, 224-27, 278-87; transmits documents to Senate, 271n.

Panic of 1837, suspension of specie payments, 13, 19, 77n-78n. *See also* Financial distress.

Pardons, granted, 253n.

Parke County, state senator, 266-67.

Parker, Samuel W., letter to Noble, 428-30; to Wallace, 422-23.

Parker, W., 287.

Parker, William, 218.

Parker, Woodbridge, legislator, 252n.

Patterson, Samuel H., superintendent of State Prison, 46, 185n, 346n, 457.

Payne, John W., 42, 270n.

Payne, Miles R., 217.

Payne, Walter, 434.

Peck, Samuel, 185n.

Pepper, Abel C., 22, 180; letters to Wallace, 147, 148-50; negotiates with Miami, 188.

Percell, Bery, 74.

Perry, James, 422-23.

Peru *Hornet,* 421-22.

Pettit, H. M., 101n.

Politics, in General Assembly (1839-40), 39-40, 328n-29n, 375n-76n, 429-30; in Governor's messages, 35, 323, 339; in Harrison Co. election, 140; in Miami Co. election, 421-22.

Polke, William, 23, 175, 181.

Poll tax, exemptions, 57n; number subject to, 57-58, 59, 157, 160, 177, 211, 325, 394, 458, 459; recommendations and legislation, 179n, 250, 251, 252n, 328-29n; rate, 283, 284, 324, 463n.

Porter, H., & Co., 75.

Potawatomi Indians, removal of, 22-23n, 147, 148-50, 180-81n, 218, 244.

Pre-emption, legislation, 338n.

Prichet, John, 434.

Prime, Ward & King, investment firm, buys Indiana bonds, 12n, 240.

Proffit, George H., 50.

Public lands, pre-emption rights, 338n; proposals before Congress regarding, and legislative action on, 45-46, 51, 339-40n, 463-65; quantity sold in Indiana (1832-36), 60; (1834-38), 339, 393, 394; resolutions of other states regarding, 348-49n, 465. *See also* Land grants; Saline lands.

Puett, Austin M., legislator, 252n, 438-39n.

Quartermaster general, expenses and salary, 67, 68, 187, 208, 210, 280, 282.

Quinn, David, letter, 383.

Rariden, James, 176.

Ray, James B., governor, 6, 7.

Ray, James M., 78n, 183n, 255; cashier of State Bank, report, 321-22.

Ray, Martin M., 434.

Read, James G., candidate for governor, 7, 9; speaker of the House of Representatives, 33, 269n, 278n.

Reese, Samuel, 184.

Reily, John, 253n.

Revenue, state, committee reports on, 246-52n; recommendations and legislation re investment of revenue in bank capital, 156, 159, 160-61, 166-69; re time of applying it to interest payments, 385-86; resources available for payment of interest on bonded indebtedness, 327-28, 368, 384-85, 461-62, 463n; sources of revenue, 23-24, 26-27, 33, 57-62, 155-62, 324. *See also* Taxes; Treasurer of State, reports.

Reynolds, W. F., 218, 287.

Richardson, A., 434.

Ripley County, state senator, 266.

Roads, methods of surfacing, 232n;
  Jeffersonville to Crawfordsville: surveys and construction, 10n, 21, 100-4n, 161, 162, 229, 232, 360; expenditures on and amount needed to complete, 293, 334; work halted, 364;
  Indianapolis to Lafayette: construction, 21, 108, 229; expenditures on and amount needed to complete, 293, 334-35, 413;
  New Albany to Vincennes: construction, 10n, 24, 100, 161, 162, 227, 229, 232-33n, 277, 305, 360, 363; expenditures on and amount needed to complete, 293, 334, 413; tolls, amount of and rate, 363n, 470.
  See also Michigan Road.

Robertson, Henry, 430, 431.

Rooker, S. S., 287.

Rothschild, M. N., & Sons, London investment firm, buys Indiana bonds, 12n; press state for payment of interest, 31, 32, 271-73, 276.

Ruter, Augustus W., 122.

St. Joseph Iron Works, 62n.

St. Joseph River, improvement of navigation, 189-90n, 244.

Saline fund, receipts and expenditures, 66, 68, 73, 207-8, 209, 216, 217, 279-80, 281, 285-86.

Saline lands, litigation, 74, 287; proceeds from sale of used for education, 125-26; total acreage, 395.

Salt, manufacture of, 402-3; amount imported, 402.

Sanders, Dr. John H., 18, 188n.

Sanders, Zerelda, *see* Zerelda (Sanders) Wallace.

Schools, *see* Education.

Schoonover, R., 74.

Scott, Lucius H., comr. of sinking fund, 206; fund commissioner, 257, 260, 271n, 274, 275, 276, 387n; appointment, 29, 254n; resignation, 410; letter from Milton Stapp, 354; letters to bank directors, 306-9; to Noah Noble, 259; reports, 288-301, 384-86; statement re public debt and resources, 268-69n; transmits letter to Senate, 354.

Scott County, officers, 439-40.

Scrip, issuance of to pay contractors, recommendations and legislation, 36, 40-41, 331-32n; redemption of, for Michigan Road, 67. *See also* Treasury notes.

Seaton, M., 434.

Secretary of State, *see* William J. Brown.

Seibert & Buehler, 75.

Senate, communications transmitted to, 113-20, 131-34, 193-94n, 203-6, 244, 271n, 353, 354, 384-86; receives veto message, 135; receives nominations and makes appointments of fund commissioners, 113, 254, 410; of Supreme Court judges, 21, 84-85n; reports and resolutions: on Clay's land bill, 304n; on Calhoun's plan to give lands to states, 340n; on Governor's message, 376-81; on Lawrenceburgh and Indianapolis Railroad, 138n; on Madison and Indianapolis Railroad, 364n; on establishment of additional branches of State Bank, 76n, 113-15; on payment of interest on bonds by State Bank, 271n; on resumption of specie payments by State Bank, 76n, 115-20; on surplus revenue, 466n; special elections to fill vacancies, 266-67, 433-34.

Shannon, Wilson, governor of Ohio, 336n.

Shaw, R. L., 434.

Shaw, W. P., 434n.

Sheets, William, 74.

Sherman, John M., 62n.

Shields, Patrick, resigns as associate judge, 139-40n.

Shipping, on Great Lakes, 61-62n, 351; on Wabash River, 350n.

Sigler, Daniel, letter from Wallace, 438-39.

Silk, manufacture of, 401, 403, 404, 409n; amount imported, 408.

Simpson, Matthew, 440n.

Sinking fund, created, 203n-4n; recommendations and legislation, 89; reports, 71, 203-6; surplus

revenue deposited in, 71, 156n, 224-25.
Slavens, Henry, 434n.
Slaves, fugitive, resolutions re, 189n, 349.
Smiley, Ross, 7.
Smith, Caleb B., 50; fund commissioner, appointment, 113; reports, 85-90, 90-93, 219-24, 238-42n; services terminated, 29n, 254n; influences nomination for governor (1840), 270n, 422n; letter to Wallace, 422-23.
Smith, James, 66, 72, 207, 216, 285.
Smith, Nathan, 433.
Smith, Oliver H., 145; letter from Henry Clay, 30n.
Smith, T. M., 75.
Smith, Thomas, 266.
Soap factory in Brooklyn, N. Y., state acquires, 22, 223.
South Bend Branch Bank, 76n, 114, 115n, 195, 310.
Spann, J. L., legislator, report, 410-20.
Specie, suspension and resumption of specie payments, 13, 19, 76, 77-78n, 86, 115-20, 197-98, 317-18n, 342-43.
Specie Circular, 13.
The Spirit of '76 (Indianapolis), 353n-54n.
Stacy & Williams, stationery store, 74, 218.
Stapp, Milton, candidate for governor, 7; fund commissioner, 268n, 305, 387n; appointment, 29, 254; continued by legislation, 40, 329n; agreement with Madison Company for continuation of railroad, 274-75n; efforts to obtain security from bankrupt bondholders, 460; letters to bank directors, 306-9; to Noah Noble, 254-55, 260, 264-65, 270, 273-77, 432-33; to Lucius H. Scott, 354; report, 288-301.
State Bank of Indiana, annual reports (1837), 20, 76-84; (1838), 195-203; (1839), 34-35, 310-22; special reports, 76n, 113-20; advances 4th installment of surplus revenue to state, 214-15n, 224-25; attempt to remove officers, 38, 310n; bond issue for state's part in original capitalization, 239n, 326, 412;
  branches, organization and location of new branches, 76, 113-15, 168n, 195, 310-11; capital and profits of, 81, 169, 196-97, 201; examination of, 83, 311-12; supervised by state board, 311-12; arrangement with fund commissioners re payment of contractors, 242, 257-58, 317, 368, 412, 417-20, 427-28; help sought from, to continue public works, 277; crippled by aid given internal improvement program, 317, 380-81;
  criticism and defense of activities, 310n, 343; investigation of, 19, 77-78n, 343n; lends money for interest payment on state bonds, 32, 271n, 305, 306-9, 385; operation of, difficulties, and weaknesses, 168-69, 198-200, 312-22; proceedings preserved, 76n; receives part of surplus revenue, 76n, 205;
  recommendations and legislation: bond issue to pay debt due from state, 473n; increase of capital, 12n, 25-26, 29, 143-44, 166-69, 196-97, 252; reporting to governor, 168n; power of executive over bank, 168n, 169-71n;

State Bank of Indiana (cont.)
suspension and resumption of specie payments, 13, 19, 76, 77-78n, 115-20, 197-98, 317-18n, 342-43; negotiation of loan for increase in capital, 255, 276-77, 386-91, 412; purchasers of bonds default on payments, 260n-61n, 311, 342; agreement made with bondholders, 416-17; statistical reports (1838), 202-3; (1839), 320-22. *See also* Sinking fund, and under the names of various branch banks.

State Bank School Fund, receipts and expenditures, 284, 286.

State House, expenditures on account of, 67, 68, 71, 72, 208, 210, 215, 280, 282, 284.

State Library, expenditures on, 67, 68, 71, 208, 210, 280, 282.

State prison, expenses and rent, 66 67, 68, 208, 210, 280, 282, 456; recommendations and legislation, 37, 46, 184-85n, 346-47n, 457-58.

State treasury, loans funds, 279, 280, 281, 284, 324; interest charged, 214n. *See also* College Fund; Congressional Township School Fund; Saline Fund; Treasurer of state.

Staten Island Whaling Company, investment firm, buys Indiana bonds, 219, 220, 241, 414, 415; leases soap factory, 223.

Stevens, Stephen C., 74, 84n, 287.

Stockton, Lieut. P. B. N., 351n.

Strattan, Daniel, 434.

Sugar beets, cultivation of, 399, 401, 404.

Sullivan, A., 258.

Sullivan, Jeremiah, fund commissioner, 7n; resignation, 113; judge of Supreme Court, appointment, 21, 84-85n.

Supreme Court, nomination and appointment of judges, 21-22, 84-85n.

Surplus revenue, amount of 4th installment advanced by State Bank, 214-15n, 224-25; reports on (1837), 110-12; (1838), 224-27; (1839), 278n; use of, recommendations and legislation, 23, 71, 76n, 111-12, 155, 156-57n, 179-80n, 184n, 196, 205, 225-27, 465-66n.

Talbot, W. H., & Co., 218.

Tate, William, 75, 287.

Taxes, state, amount of property subject to, and rate, 57-62, 157, 160, 177-79n, 211, 247, 325, 329, 394, 458-60; deficiencies in assessing and collecting, 26-27, 35, 69-70, 246-48, 325-26, 458-60; amount paid by counties with and without internal improvements, 61, 246-48; receipts (1837), 66; (1838), 207, 209; (1839), 278n, 279, 281, 282; distribution of receipts between interest payments and ordinary expenses of government, 209, 210, 212, 237n, 282-83, 328; recommendations and legislation, 11-12, 26-27, 33, 39-40, 45, 70, 157-58, 179n, 211-12n, 237n, 248, 250-52n, 283-84n, 328-29n, 407-8, 460, 463n. *See also* Poll tax; Revenue, state.

Taylor, Gamaliel, candidate for governor, 15-16.

Taylor, Lathrop M., 62n.

Teachers, training of, recommendations and legislation, 37, 126, 345-46n; Wayne County teachers organize, 27, 183n.

Terre Haute (Ind.), convention at, to promote Cumberland Road, 349-50n.
Terre Haute Branch Bank, 277.
Test, Charles H., 147.
Test, Esther French, *see* Esther (Test) Wallace.
Test, John, 5.
Texas, annexation of, 189n.
Thanksgiving Day proclamations, first issued, 304n; (1839), 32, 303-5; (1840), 451-52.
Thomas, Joseph, resigns as sheriff, 256-57.
Thompson, George B., 410n.
Thompson, Lewis G., asks appointment of county officer and writ of election, 135; legislator, reports for agricultural committee, 399-409; quoted on scrip, 40-41.
Thompson, Richard W., Congressman, 50; legislator, reports on State Bank, 19, 78n.
Three per cent fund, report on, 193-94n, 278n, (total) 395.
Tingle, George E., 134.
Tippecanoe battleground, enclosed, 218, 287.
Tipton, John, 6, 145, 245; aids in removal of Indians, 22-23, 148-49, 180-81n.
Traylor, Willis L., letter, 439-40.
Treasurer of state, annual reports (1837), 66-75; (1838), 207-18; (1839), 33, 278-87; special reports: surplus revenue, 110-12, 224-27, 278n; three per cent fund, 193-94n, 278n; duties, on board of fund commissioners, 40; issues treasury notes, 41; letters from August Belmont, 271-72; from N. W. Rothschild & Sons, 272-73; from Wallace, 137-38; letters to Wallace, 136; recommendations and legislation re office of, 471-72n. *See also* Nathan B. Palmer; State Treasury.
Treasury notes, issuance of, recommendations and legislation, 41, 331n-32n, 424, 426-27.
Tuley, Benjamin S., 43.
Tyler, John, president, 50-51.

Underhill & Willets, 75.
United States, dispute over northeast boundary, 188n-89n, 349.
United States Attorney General, opinion re land grant for extension of Wabash and Erie Canal, 145n.
United States Congress, appropriation asked for ship canal, 465; for harbor at Michigan City, 351n; fails to provide for internal improvements, 339;
  legislation: land grant for Wabash and Erie Canal, 97, 144, 171-72, 175n, 469n; salt springs, 125-26;
  memorial to, on Cumberland Road, 350n; remonstrance against power exercised over District of Columbia, 475-76.
United States Military Academy, 4.
United States Treasury, deposits in Indiana banks, 78.
United States War Department, buys Indiana bonds, 240.

Van Buren, Martin, candidate for president (1836), 10; (1840), 30n, 43.
Vawter, John, 28, 337.
Vermont, resolutions of, 188, 465.
Vetoes by Wallace, 135, 353.
Vigus, Jordan, selects land for canal grant, 446, 467; report, 447-50.

Vincennes Branch Bank, 253n, 259, 277.

Wabash and Erie Canal, agreement between Indiana and Ohio re construction of Ohio portion, 96, 336-37n, 362; connection with Illinois railroad proposed, 230-31; construction, 24, 96-97, 161, 162, 227, 229, 360, 361-62, 369; expenditures on and amount needed to complete, 290, 335; extension to Terre Haute authorized, 10n; financing, 6, 12n, 38, 86, 90-91, 154-55, 276, *see also* Wabash and Erie Canal Fund; original land grant for, accepted, 6; acreage, 395; lands selected in lieu of that portion covered by Indian reserves, 446-50, 466-69n; sale of lands, 38, 155, 159, 368-69; value of, 367, 368; additional land grant for extension to Terre Haute, 20-21, 26, 36, 97-98n, 144-46, 171-77n, 243-44, 337-38n; estimated value of additional grant, 367, 368; tolls collected, 336, 470; water power, 131.

Wabash and Erie Canal commissioners, 7n, 11.

Wabash and Erie Canal Fund, receipts and expenditures, 288-90, 295-97, 412, 413, (totals) 326, 327.

Wabash College, 182-83n, 474.

Wabash County, associate judge, 139.

Wabash River, improvement of navigation, convention at Vincennes to promote, 277, 350-51n; expenditures on and amount needed, 106, 293, 335, 413; recommendations and legislation, 10n, 37, 46n, 104-6n; progress and lack of progress, 104, 161-62, 236, 363.

Wallace, Andrew, father of David, 3-5n.

Wallace, Benjamin F., 8.

Wallace, David

private life

birth and early years, 3; at West Point, 4; lawyer, 5, 6, 8, 9, 49; marriages, 5, 18; children, 5, 8, 52; moves to Covington, 8-9; residences in Indianapolis, 18, 49, 187n-88n; desire for Federal appointment, 49-50;

public service before election to governorship

in militia, 5; legislator, 5-7; lieutenant governor, 7, 9-11; votes received (1834), 9; resignation, 14

governor

campaign and election (1837), 13-18; votes received, 17; term of office, 3; concept of office, 19, 49, 56;

duties: appoints and commissions county officials, 22, 135, 256-57, 258, 421, 422-23, 430-31n, 439-40; makes interim appointments of president judges, 261-62n, 422-23; of fund commissioner, 109n; issues pardons, 253; issues writs for special elections, 134, 135, 139, 140, 146-47n, 148, 151, 266, 267, 433-34; nominates for appointment by Senate, fund commissioners, 113, 254; judges of Supreme Court, 21, 84-85n;

messages: (1837), 19, 55-65; (1838), 23-28, 153-93; (1839), 35-37, 323-52; (1840), 44-47, 453-77; House report on, 393-

99n; Senate report on, 376-81; veto messages, 135, 353;

allows bill to become law without his signature, 331n; declines invitation to celebrate opening of Madison and Indianapolis Railroad, 152-53; part in removal of Potawatomi Indians, 22-23, 148-50, 180-81n; presides at education convention, 28, 183n; selects land for canal grant in lieu of that included in Indian reserves, 466-69; Thanksgiving Day proclamations, 32, 303-5, 451-52; transmits documents to Senate, 244; urges land grant for extension of Wabash and Erie Canal, 20-21, 26, 36, 171-77n, 337-38;

comment and recommendations on: agriculture, 19, 64-65, 190-93, 470-71; credit of state to be upheld, 45, 462-63; power of Congress over District of Columbia, 475-76; education, 19, 27-28, 36-37, 46-47, 64, 182-84, 344-46, 473-75; election of 1840, pp. 44, 453-54; executive department, 471-72; financial distress, 323, 329-30, 340-41, 351-52; geological survey, 181-82, 347-48n; Indiana University, 343-44; internal improvements, 19, 24-25, 36, 37, 46, 56, 62-64, 163-65, 332-36, 470-71; militia, 28, 185-87; distribution of proceeds from sale of public lands, 45-46, 339, 463-65; reapportionment of General Assembly, 44-45, 456; relief for debtors, 351-52; issuance of scrip, 36, 330-31; State Bank, 25-26, 166-69, 342-43, 472-73; state debt, 45, 326-28, 330-31, 460-63; state prison, 37, 46, 184-85, 346, 457-58; state revenue, investment in bank capital, 23, 156, 159, 160-61; surplus revenue, 23, 156, 179, 465-66; taxes, 26-27, 57-62, 157-58, 325-26, 458-60;

correspondence with: bank directors, 309; Caleb B. Smith and Samuel W. Parker, 422-23; Delana R. Eckels, 453; Samuel Judah, 253, 267-69; Nathan B. Palmer, 136-38; Abel C. Pepper, 147, 148-50; Daniel Sigler, 438-39; James Whitcomb, 144-46, 243-44; Levi Woodbury, 446-50;

speeches: at Asbury College, 440-45; on internal improvements, 11; political, 10, 43-44; characterized, 48;

appraisal of administration, 47-48, 398, 410n; possible candidate for re-election (1840), 42, 269, 270n;

public services after governorship

elected to Congress (1841), 49-50; course in Congress, 51-52; in Constitutional Convention, 52; Marion County judge, 52.

Wallace, Edward, son of David, 5.

Wallace, Eleanor (or Ellen), 3.

Wallace, Esther (Test), wife of David, marriage, 5; moves to Covington, 8-9; death, 9.

Wallace, Fanny, death, 9.

Wallace, John, son of David, 5, 8.

Wallace, John M., private secretary, 219, 287.

Wallace, Lew, son of David, 5, 8, 183n.

Wallace, William, son of David, 5, 183n.

Wallace, Zerelda (Sanders), wife of David, marriage, 18; children, 52; home in Indianapolis, 188n.

Water power, income expected from lease of, 228; report on, re internal improvement projects, 131-34.

Waters, Joseph, 150.

Watts, Johnson, 337.

Wayne County, associate judge, 148; state senator, 433-34; teachers organize, 27, 183.

Weather, tornado, 72.

Weights and measures, set of standard, furnished, 347.

Welch (Welsh), Sylvester, 104.

West, Basset, 434.

West, Nathaniel, 39, 328n.

Western Bank of New York, buys Indiana bonds, 241.

Whig party, blamed for depression, 397-98; conflict with President Tyler, 50, 51-52; leadership, 49, 376n; in Congressional elections (1835), 30; (1841), 50; in General Assembly (1837-38), 19; (1839-40), 39, 40, 328n-29n, 376n; in gubernatorial elections (1837), 13-18; (1840), 269-70n, 421-22, 431; in presidential election (1840), 42-44, 421-22.

Whitcomb, James, attitude toward land grant for extension of Wabash and Erie Canal, 144-46, 175n, 243-44; letter to Bigger, 469n; letters to Wallace, 144-46, 243-44.

White, Albert S., 176, 245.

White, Joseph L., 50.

Whitewater Canal, connections with Central Canal and Cumberland Road, proposed, 231-32; construction, 10n, 11, 24, 46n, 99, 161, 162, 227, 229, 270, 360, 364; expenditures on and amount needed to complete, 258, 293, 334, 413; tolls collected, 336, 470; water power, 131.

Whitley County, organization and first election, 135.

Willets, Jacob S., 193n.

Williams, C., 287.

Williams, Jesse L., principal engineer, 104, 108-9, 165n, 302; letter to governor of Ohio, 336n; to James B. Johnson, 25n, 140-44; member Board of Internal Improvement, 40, 328n-29n; quoted on relief for contractors, 41n; report of loss state would suffer by abandonment of public works, 391-93; selects land for canal grant, 446, 447-50, 467.

Wilson, Andrew, 66, 73, 207, 216, 285.

Wilson, George P. R., legislator, 252n.

Wilson, Samuel, 75, 218.

Wilson, Hazlett, & Morris, 218.

Winchester and Potomac Railroad, 221, 223.

Winder, John, 434.

Wolf scalps, premiums paid for, 67, 68, 208, 210, 280.

Woodburn, John, member Board of Internal Improvement, 268n; reports, 93-109, 227-37; member Madison Company formed to complete railroad, 274-75n, 435, 436, 437.

Woodbury, Levi, secretary of the treasury, letter from Wallace and enclosure, 446-50.

Woollen, William Wesley, quoted, 7.

Worth, A., comr. sinking fund, 206.

Wright, John W., 262n; letter, 421-22.

Wright, Joseph A., 267n.
Wylie, Dr. Andrew, president of Indiana University, 343, 344n.
Wylie, Theophilus A., 121-22.
Wylie, W. Y., 75.
Yandes, Daniel, member of Board of Internal Improvement, election and resignation, 109n; report, 93-109.
Young, Henry, 66, 73, 207, 216, 285.

A0000102494101

I
353
I385a
v. 6
cop. 5

Messages and papers
of David Wallace
1837-1840.

This Book may be kept until the time indicated by the latest date stamped upon this pocket.

JAN 2
1968